MANAGEMENT

VOL. XXII NO. 3

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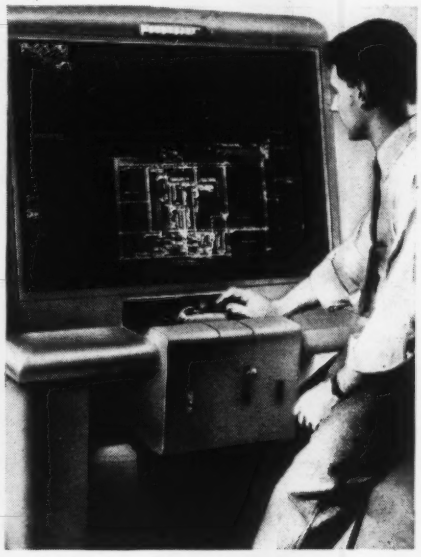

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S.A.M. Constitution

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S.A.M. National Policy And Objectives

This is an excerpt from a statement made by President F. F. Bradshaw at the National Directors Meeting, April 28, 1956, and published here for the benefit of all S.A.M. Members at the suggestion of the Directors.

I HAVE been asking myself for quite a few years now: What is the purpose of the S.A.M.? What purposes does it serve? What values does it contribute to? And that is a question that you are raising now—what reply will you give to the individual member who asks this question?

There are a number of possible answers, one of which would be that as the doctors have the American Medical Association so the Industrial Engineers and Time-and-Motion-Study people have, in S.A.M., a professional membership association.

But S.A.M. has long since ceased to be merely that in terms of its membership and activities. It is now clearly more than that. Only one-third of its members can be sharply identified with industrial engineering activity, and maybe even a smaller proportion of its program deals narrowly with that subject.

So, then, ask yourself: What is the S.A.M.? And my answer—which is not *my* answer but the answer that comes through me after I have listened to a lot of other people and tried to organize their answer—runs like this:

Number one, we are in an intensive period of competitive coexistence, the results of which are measured almost entirely in terms of industrial and economic efficiencies. That is the whole American way of life, the whole free world, the whole world on this side of the Iron Curtain depends on American industry.

Our free market plus scientific research makes this the most dynamic economy, the most rapidly changing economy and industrial process in the history of the world, or in the previous history of our own country, as dynamic as that has been.

The combination of the geometric ratio of discovery, where one leads to two, two to four, four to eight—now proceeding at the fastest rate of basic research in history, anywhere—plus this competition from across the water, where there is another chain of discovery at work, and a totally different way of life at work. All this means that in the next five, ten, fifteen, or twenty years the American economy will change more, the American way of life will change more, and American ways of managing business concerns will change more than it has in all our previous 150 years of history put together. There are quite a number of changes now in effect which show that in the last decade we have changed more than we did in the previous part of this century, if not even farther back.

Now that rate of change leads to the next point, which is: we must cut down the "cultural lag"; we must cut down the time it takes a new idea—a better way of doing something—to get from Pittsburgh to Podunk, from Atlanta to Los Angeles, from New York to San Francisco, from Big Business to Small Business, from one state to another.

That thirty-year lag that we have heard so much about—waiting for people who have old habits to die off and other people to take their places—we can no longer tolerate.

That means that there has to be a continued investigating of the science of management all along the levels, something that cannot be met alone by Harvard courses of AMA seminars. That means that relatively economical custom-tailored, locally slanted programs must be under way all over this country.

In that endeavor the S.A.M., with its tradition of science and its across-the-board interest in management, can be the *widespread, decentralized extension course of all management sciences.*

Also, there is still another element in our problem. We know how frequently, when we study the history of scientific discovery, we find that the first step in a new innovation takes place in a corner somewhere and is sometimes not floated out into the stream of national progress for a long time. For example: in the *Golden Book of Management* you will find that the first recorded step in scientific management took place in a company in England run by the son of James Watt, inventor of the steam engine, and the records of what that company had in the way of policy, program and procedure sounds astonishingly like 1956 in the U.S.A. But this beginning was limited to that one company, which could not get the movement under way by itself. Lack of communication made us wait a long time for the development of that promising beginning.

There are frequently isolated but important innovations in the field that do not get pumped up into the national stream of progress fast enough. People may find ways of handling problems in Georgia that do not come to the consciousness of New York soon enough. I am not picking on Georgia. I just happen to come from that section of the country myself.

This is a scientific society not only feeding out from the stream of established innovations, but mixing into the stream little "trial balloon" local innovations that ought to be speeded up as well. That means, to my mind, that this Society should be steadily feeding out training and communication materials, procedures for training and for training of trainers. These will enable the chapter to answer the question that cannot be answered in the National Office or in the Board Meeting. Mr. John Jones, 30-years-old, recently from college, just joined the S.A.M. and he says: "What did I get last year for my dues that I used in my business in Cleveland?"

The answer to that, to my mind, calls for something beyond anything we have produced as yet—mainly "pep-up" and procedural material, but not training-in-use material.

If General Electric, in its experiment in Crotonville, had brought in its groups of 80 managers but had had no curriculum, no laboratory, no contribution to make to them except what they brought in themselves, the managers might say: "Hell, what did we come here for?" There have got to be *materials* in the pipeline. We've got to get that material. We have got to break down the spread-out responsibility for shortening the lag.

Among the chapters that seems to me to be strong there is a tendency not to have just one type of program, e.g., a monthly dinner meeting with a speaker. The stronger ones seem to have a diversified program. And these chapters that seem to me to be strong do not have just one kind of member, either. They seem to have a growing professional participation—a member goes in at one level and when he has had enough of that he goes on to the next. I don't see any reason to leave top management out, but I don't see any reason to limit the membership to one kind of program.

It seems to me that with the situation this country is in now, this Society has a major role to play which it is *not at present equipped to fill.* Therefore, let's develop the facilities needed to continue to move forward and to even better accomplish our goals and objectives. ■

Business Climb Ahead

THERE is going to be an upturn in 1957 and it is going to be vigorous. In making its semi-annual forecast for the eighteen months ahead, Roundup predicts that the nation's output for 1957 will top that of 1956 by more than 3 per cent. Industrial production, now about 141 on the Federal Reserve index, will reach a new high of about 145 by the middle of 1957 and then taper its rise, ending the year at about 146. Once again, there will be a "best year ever."

This upturn will follow a year that has been somewhat paradoxical, as Roundup twelve months ago forecast it would be. On one hand, 1956 has indeed been a year of business readjustment, with output of U.S. industry easing and gross national product holding fairly steady. Yet 1956 will be a "best year ever"; in the next few months industrial production will dip from 141 to a low of 138 or 139—which is not very low—and then will start rising. For the entire twelve months the total will be 2 per cent above 1955.

Industry has been increasing its capital outlays, and government its expenditures, and business, accordingly, will have only a very mild correction to make in its inventories. Consumers have cut their buying of new cars and homes, but having readjusted their savings from the 1955 credit spree, they will soon increase their spending again. They will probably buy more of the changed 1957-model cars, for example, than they did of the 1956 cars.

In constant prices (as of the fourth quarter, 1955) the G.N.P. expanded by $33 billion in the past twenty-four months. All of that gain was registered in eighteen months. This would be almost the same rate of advance as has prevailed *on the average* over the past two years.

In some ways the outlook for 1957 resembles the prospect at the start of the last upsurge in business activity—and the similarity is not wholly comforting. Back in January, 1955, Roundup forecast a well-balanced advance in the G.N.P. to mid-1956. But the 1955 rise in business was unbalanced and overly rapid, and that is why we are having a a readjustment in 1956.

It is possible that there could be a major downturn in 1957. Were industrial production to shoot up above 150 on the Federal Reserve index by next summer, instead of to around 145, a new "correction" could be of the dimensions of the 1949 and 1954 recessions.

Excerpted from FORTUNE Magazine, June 1956, "Business Roundup."

Small Business has played a big role in the development of this country from its beginning. Today there are approximately four million small firms in America and they support about one-third of our population. That places Small Business as an important consideration in the economy. But there are problems yet to be faced—and resolved—and Mr. Barnes discusses them here.

Small Business In America— Its Place and Problems

By Wendell B. Barnes
Administrator, Small Business Administration
Washington, D. C.

A HUNDRED years have passed since the birth of Frederick W. Taylor, the father of scientific management. In the century since then, we have seen a revolution in the management of businesses, of both large and small firms alike.

During the same period, a number of professional organizations have been established to encourage improved management in various areas of business. ***One of these organizations is the Society under whose auspices we meet today, the Society for the Advancement of Management. The record of the Society and its predecessor organizations, in improving the management of business firms, and thereby strengthening the economy of our country, is outstanding.***

In the minds of the general public, the concept of scientific management is associated chiefly with the large business concerns. But scientific management has also become a part of the operations of smaller firms and the contribution it has made to their progress.

In his State of the Union message this year, President Eisenhower said: "An integral part of our efforts to foster a strong and expanding free economy is keeping open the door of opportunity to new and small enterprises. . . . We shall continue to make certain that small business has a fair opportunity to compete and has an economic environment in which it may prosper."

There are few countries where the welfare and prosperity of small business commands the concern of the chief executive. In some nations, practically all business functions as a part of the government. In other countries, a cartel system has developed over the years. Where either of these situations exists, the chances for economies in production and distribution, and resulting lower prices and increased volume, are very slight. The opportunities for business and consumers to benefit through use of new and improved products or processes are quite limited. And the possibilities open to a new or small firm are almost non-existent.

By contrast, small business has played a significant role in our own economy ever since Colonial days. Thomas Jefferson and Benjamin Franklin often expressed the view that economic power should be kept distributed among many independent business proprietors.

Today, out of some 4,200,000 businesses in the United States, about 4,000,000 are small. They are owned by approximately 7,000,000 businessmen and women. These small firm proprietors not only own about 95 percent of all our businesses, but they employ about 30,000,000 persons including owners, managers and executives. If it is assumed that each of these has one dependent, it means that 60,000,000 persons—about one-third of our population—are supported by small businesses. These figures show how important small business is to our economy today and in the future.

Perhaps equally important is the role of small business as a safeguard of our individual freedoms, as a bulwark of

WENDELL B. BARNES

Mr. Barnes was nominated by President Eisenhower to be Administrator of the Small Business Administration on February 2, 1954. Prior to entering Government services, Mr. Barnes was a practicing attorney in Tulsa, Oklahoma, and he also organized and managed a number of small business enterprises in Oklahoma. Mr. Barnes is secretary of the Federal Bar Association, a member of the Sons of the American Revolution, the Society of the Cincinnati of Virginia, and a former President of the Society for Advancement of Management.

A talk given before the Small Business Conference, sponsored by the Society for Advancement of Management, June 7-8, at the Hotel Statler, New York City.

democracy. Freedom of the individual cannot be taken away easily from the citizens of a country which has hundreds of thousands of small business owners, trained in independent thinking and action as the operators of their own establishments.

Another point, sometimes overlooked, is that the very existence of millions of small businesses is in itself a contributing factor to a high level of production and consumption. The owner of each of these small firms surveys the business horizon, estimates the prospects for his company, and decides what he and his business are going to do in the immediate future. Unless there is some overpowering influence dominating the business world, such as war or depressions, these millions of small business owners arrive at such a variety of conclusions about their courses that, in the aggregate, they encourage business stability.

In considering the place of small business in our economy, it is important to keep in mind, also, that the Nation's small and large firms depend heavily on each other. I know of no large business concern which does not rely upon many small suppliers for its raw materials, fabricated parts, machinery and equipment. Similarly, the largest manufacturing corporations must depend principally upon small distributors and dealers to see that their products reach the consumers.

Our small and large firms should realize that there is no room for suspicion between them, that they need to work together closely for their own benefit and for the good of the country as a whole.

Occasionally, I have heard it said that the problems of small business are and will remain insignificant as long as larger businesses are operating at capacity or the economy generally is in sound condition. We all know from our own experience that this is far from true. The problems of small firms are not identical with those of their larger neighbors, and many small concerns face difficulties even when the economy as a whole is booming.

What are some of these problems of small firms?

One of the most important, I would say, is in the area of taxes—Federal, State and local. High taxes drain off a considerable part of the small firm's net profits, which might otherwise be plowed back into the business to provide new and better machinery, larger inventories, and more working capital.

There are just about two things that can be done to alleviate this problem for the individual small operator. First, we can reduce the amount of taxes. That is easy to say, but hard to do. I have discussed this matter with Secretary of the Treasury Humphrey, and he is just as eager as I am to see the small business owner relieved of the burden of high taxes, so that a larger share of its earnings can be retained in his business.

However, we face an even greater and more difficult problem—the international situation. Until we can find a sound and sure means of living together peaceably with the communist countries, high taxes are both necessary and inevitable.

The other approach to the problem is to find a way to adjust taxes so that total Government revenues will not be reduced but individual initiative will be encouraged and the opportunities for well-managed firms to grow are increased.

It is in this area, I believe, that some definite accomplishments have been, and can be made. The Internal Revenue Act of 1954 removed many of the inequities which had been plaguing small business. Suggestions were solicited and received from many small firms and from their associations at the time this law was being considered. As you know it was the first comprehensive revision of the revenue laws in many years. These suggestions were analyzed and the practicable ones were passed on by us to the Treasury as recommendations, and were incorporated in the law as finally adopted by the Congress.

Last January, the National Council of Consultants, a group of businessmen who serve as advisors to our Agency, recommended that a committee of the council be established to study various tax plans which would be helpful to small business concerns.

I have established such a committee, and it will meet in Washington this fall. If any of you have ideas for tax adjustment which you believe will help small business without at the same time making drastic reductions on total Federal tax revenues, I would like very much to hear from you. Your suggestions will be submitted to the committee for consideration.

I would say that the second most important problem of small firms today is the need to improve the quality of management.

Since the typical small business owner or manager has either few or no staff specialists to call upon for help, he is supposed to be an expert in all the different phases of management. But you know better than I that this ideal situation is seldom if ever reached.

Dun and Bradstreet has an appropriate term for this problem of small firms—they call it "unbalanced management." By this they mean that the owner of a business may be skilled in production, but have little interest or experience in selling; or that he may be a good salesman but have little appreciation of the problems of financial management.

What we need to work for is balanced management in small business. The owner who has come up through the factory needs to learn more about finance and sales, the sales manager about production, and so on.

Another cause of small business difficulties is that too many owners and managers give so much of their time to day-to-day operations that they have little time in which to administer—to organize, program, plan and control their businesses.

I heard Mr. L. T. White tell this story: He was meeting with a group of wholesale petroleum dealers, and was speaking on this very subject. After distinguishing between business operation and administration, he asked those who were spending any time administering their businesses to hold up their hands. Not a single man in the group raised his hand.

At one time, I myself was a small business operator. Therefore, I am not speaking about these problems in the abstract. Because of that, about 3 years ago I decided that the Small Business Administration should help small business proprietors become better managers. We should help them to learn more about those management functions in which they lacked experience. And second, we should see that administration was presented to them in such a way that they would not only recognize its value to their business but would work out practical means for spending more time on administrative problems.

The result was that our Agency began co-sponsoring Administrative Management courses with established educational institutions for the exclusive attendance of small business owners and managers. We invited small business-

men to go back to school, usually one night a week for 8 to 12 weeks, to bring themselves up to date on current business management policies and practices.

Nearly 100 of these courses have been completed during the current school year alone. These courses have been offered by 57 leading educational institutions, including three schools of the New York City area: Adelphi College, Hofstra College, and New York University. Rutgers University also offered a course at Newark.

MANY of these courses will be repeated next fall, others probably will be offered for the first time. If you are from the New York City area and are interested in attending such a course, our New York Regional office at 1790 Broadway can advise you of the courses as they are organized.

Then, if you would like to have a course offered in your community you might write to the dean of the School of Business or Director of the Extension Division of your local university. The universities not only have the facilities for offering such courses, taught by successful businessmen and professional people, but they can call upon the Small Business Administration for assistance, based upon our experience working with schools in other areas.

At times I am inclined to believe that the one really priceless ingredient in successful management is simply *ideas;* that the successful small business owner is one who has new ideas, who can determine their practical value, and who knows when and how to use them.

There are many sources from which the businessman can gain new and helpful ideas—from conversations with his fellow businessmen, advertisements and reports in his trade journal, news accounts in his daily newspaper and from his own experience. From these ideas may come increased sales for his business, reduced costs, improved personnel relations, a new process or better use of his present machines and equipment.

I understand that there are groups of manufacturers who visit the plants of each other at regular intervals. There are two advantages to this plan. In the first place, the visiting manufacturers often can point out ways in which their host businessman can improve his operations. But even more important, the visiting manufacturers frequently take home with them specific ideas for improving their own business policies and methods.

Recently, in reading a copy of the company magazine issued by the Servo Corporation of America, I came across a significant statement by Mr. Henry Blackstone who serves as Vice Chairman of the Small Business Administration's National Council of Consultants. Mr. Blackstone had this to say:

"In our own company we have created some 55 new products. None of these devices existed 10 years ago, nor was there any direct equivalent on the market."

It used to be that small firms could continue successfully by just following the leaders of their industry. However, conditions change so fast these days that if the small firm is not already prepared when the change comes, it may fall far behind the competitive race.

The businessman of today must be alert and ready to seize new opportunities as they develop. He must keep constantly in mind the long-term effects of the changes that are now occurring—our rapidly growing population, rising standard of living, and rapidly advancing technology.

To help small business concerns keep abreast of the times, the Small Business Administration has established its Products Assistance Program.

What we seek to do in this program is to help small firms overcome the great advantages in research enjoyed by larger companies, and to improve the techniques of introducing new products on the market.

As part of this program, we are helping small firms draw upon the wealth of product information which is available from Government agencies, research institutions, trade associations, and private industry.

THROUGH our Products Circular List, we call small firms' attention to new ideas, new and improved products that individuals and businessmen have developed and would like to have put on the market. The small concerns most interested in this circular are those having open productive capacity, those desiring to expand, those in need of diversifying.

Recently, we began making available to small firms information on several thousand patents owned by the American Telephone and Telegraph Co., and International Business Machines Corp., which are now available for use on a license-free basis.

These patents cover a wide range of products and processes, and should offer many opportunities for small firms interested in changing their present product lines or adding new ones.

If you would like information on these patents, each of the Small Business Administration's 37 field offices has on hand a guide-book giving a general description of them and telling where more detailed information can be obtained.

I would be remiss if I did not say something about the importance of record-keeping today in the management of any business. A sound set of records is essential in controlling the business as a whole, in order to obtain maximum net profits.

GOOD internal sales records can provide much information about markets, the value of different advertising media, and differences in selling costs by territories, sales, products, and so on. Simple but accurate inventory records can help in adjusting production to sales, and in stimulating corrective action when sales of certain products are declining. If properly developed, a profit-and-loss statement and balance sheet should be even more helpful to the owner of a small business than it is to his banker.

When sales are good, businessmen are apt to become careless about the need for sound records. For that reason, I was particularly pleased to learn that accounting and record-keeping were emphasized at a recent conference on opportunities for management research, sponsored jointly by the University of Pittsburgh and the Zurn Foundation.

On the problem of increasing sales and planning sales campaigns, few businessmen realize what services are available to them from the Government at nominal cost or without charge. The Department of Commerce has many services and publications on both domestic and international trade that will help a businessman gauge the markets and make his plans. The Bureau of the Census has just completed a business census that contains important and accurate market data on every business and home in the country. Many other Government departments have services valuable to business. Businessmen should know about and use these services.

In 1953, private industry and the Government spent 5 billion dollars on research. Most of the $3,750,000,000 spent by private industry had to do with the technical problems of products

—that is, technical research. Only a small portion of the amount was devoted to sales and management subjects.

While technical research must of course be continued at a high rate, it is unfortunate that we have done so little in the other fields of our economic life.

Let me cite one example that graphically illustrates this need for management research.

The business press and the daily newspapers tell us that progress is being made in the development of a gas turbine engine to power passenger automobiles. When all of the technological problems have been solved, possibly 10 years or so from now, and we enter the age of the turbocar, some 400 automotive parts manufacturers will be directly involved. Back of them are approximately 2,000 smaller companies which make components for the parts producers.

Since a gas turbine engine is a simpler mechanism than a gasoline engine, and has fewer parts, you can readily see the problems ahead for the parts manufacturers.

The owners of these small concerns are faced with tremendous management decisions; Shall they continue to manufacture parts for gasoline-driven cars as long as there is a market for them, or immediately set about finding new items to manufacture? If they decide to turn to other products, should they prepare to manufacture parts required by the gase turbine engine; shall they produce something else for the automobile industry, or should they seek entirely new fields to enter? Those are but a few of the problems the parts manufacturers face. The need for product and management research by their industry is readily apparent.

It seems to me it would be appropriate, and a public service, for the Society for the Advancement of Management to establish a committee of its ablest members to identify areas in which management research is most needed, find educational and corporate research institutions qualified to conduct studies in these areas, and then aid them in finding the necessary funds to prepare and publish their studies. I do not know of any other organization of professional men and businessmen that is better qualified than SAM to undertake this job. I hope your officers will give the suggestion their consideration.

I would also like to point out that in the field of technical research, some trade associations have led the way in setting up laboratories in which the non-competitive technical problems of their industries can be studied and the solutions made available to all. Trade associations might well do the same with respect to management research.

The owner or manager of any business, no matter how small or how large, is the most important single factor in its development and success. And the small business proprietor has within himself powerful elements of success—initiative, imagination, curiousity, adaptability, integrity and drive.

In Memoriam

It is with deepest regret that we announce the death of William H. Gesell, past president of the Society for Advancement of Management, on June 6. Mr. Gesell was an executive and director of Lehn & Fink Products Corporation, Bloomfield, N. J.

In a talk before the American Newspaper Association's Bureau of Advertising, Mr. Crawford H. Greenwalt, President of the duPont Company, said that for big businesses "The great problem, the greatest question, is to develop within the framework of the group the creative genius of the individual."

That attribute does not have to be developed in a small business; it is already there. It is normally the small business owner's greatest asset.

Peter F. Drucker sums it up in his recent book, *The Practice of Management*, in this way: "What the business enterprise needs is a principle of management that will give a full scope to individual strength and responsibility, and at the same time give common direction of vision and effort, establish teamwork and harmonize the goals of the individual with the commonweal."

Within your Federal Government there is an increasing awareness of the importance of small business and the need to provide small firms the services that will help them remain strong and prosperous.

I have already mentioned the management and products assistance services of the Small Business Administration. In addition, our Agency carries on other broad activities tailored to the specific needs of small firms.

The Government is the largest single buyer of goods and services in the world, and the Small Business Administration is actively engaged in seeing that an increasing share of Government contracts go to small business concerns. Through cooperative programs with the Department of Defense, and more recently the major civilian buying agencies of the Government, we have had nearly one billion dollars in Government purchases set aside for exclusive award to small firms.

In our financial assistance service, we counsel with small firms on their financial problems, and when it is necessary for them to borrow, we help them finance through private sources.

If private credit is not available on reasonable terms, we make loans to qualified firms. So far, we have made $144,000,000 in financing available to approximately 3,000 small businesses.

Of course, the Small Business Administration is not the only agency of the Federal Government that is working to assist small firms. The Department of Commerce has a special unit which makes the vast reservoir of information compiled by the Department more readily accessible to small business. The Department of Justice and the Federal Trade Commission, watch out for the interests of small business in the administration of the antitrust laws and similar measures. The Defense Department has specialists who work with our representatives in earmarking contracts for small firms and assist small business owners with other procurement matters. And the Securities and Exchange Commission, in cooperation with the Small Business Administration, is working to make it easier for small firms to obtain equity capital.

The Small Business Administration, however, is the one Federal Agency that is exclusively concerned with the welfare of small business. We therefore help give direction to the efforts of other agencies of the Government on behalf of small firms, and provide specialized services which they are not equipped to offer.

As a basic principle, wherever we can utilize the services of private enterprise — as in the development of our management courses.

In all our efforts, we are guided by the words of President Eisenhower that a strong and expanding economy depends upon "keeping open the door of opportunity to new and small enterprises" and making certain "that small business has a fair opportunity to compete and an economic environment in which it may prosper." ■

Does the case method, used so widely in management development today, actually merit the plaudits of its enthusiastic adherents? Can it really be all that they say it is? Through discussion of the claims made in a recent article, "Training Managers By The Case Method," the author supports his contrary position that the case method is like trying to lift oneself by one's bootstraps and that the method of teaching principles and elucidating them with cases should be followed instead. After reading this sharp critique of the case method you will want to resolve your own thoughts on the subject.

The Case (or Bootstrap) Method

By Alvin Brown

Vice President and Director
Johns-Manville Corporation
New York

I HAVE long been bemused by the dilemma of the case method, or at least by the dilemma in what the cognoscenti say about that method: the assertion, in other words, that students should learn but not be taught, and that principles are laudable only if the student can gain them the hard way.

So long as this method was confined to educational institutions, my attitude toward it was only quizzical, touched with some wonder how otherwise intelligent men could succumb to some of its greater absurdities. From a practical viewpoint, however, I could console myself by reflecting that men coming from such institutions into industry have to be taught about industry anyhow.

But when I see the method urged upon industry itself,* I feel the time has come to strike one blow for the honor of principle, the utility of the accumulated wisdom of the ages, and the right of a man to be taught.

Persons capable of propagating the ambiguities that attend the case method are equally capable of misunderstanding what I shall say. One misunderstanding, however, I believe I can forestall. Let no one imagine I decry the use of cases. Cases are the flesh that clothe the bare bones of principle. That is not the issue. The issue is whether principle is to be sought in cases by the student, or whether it is not better to begin with principle and elucidate it with cases. I take my stand upon the latter.

That this is the issue is clear from reading a Harvard catalog. Harvard was, of course, the inventor of the case method, and it is uncertain how much the spread of that method has been due to Harvard prestige or to the charm of the method itself. The catalog asks, "How can men be trained to make sound decisions?" and answers itself by saying, "One must learn by doing. Training at the School is based on this principle. . . . No equally effective method has revealed itself for compelling (1) a man to meet successively new situations in which he must grapple intellectually with fresh combinations of facts, half-facts, and opinion; there are no answers for him in the back of the book, *or indeed in any book.*" (Emphasis supplied by me, with apologies to Taylor, Emerson, Follett, Schell, Davis, and a host of others.)

I can answer the question succinctly: Men learn to make sound decisions by mastering principle, illuminated as much as possible by cases.

But so simple an answer can be buried by a zealot's words. One has to try to see what those words mean. To that end, because it comes closer home, I prefer to deal with the language by which the case method is urged upon industry.

To be just, I must say that the article I saw makes a fair show of weighing the disadvantages against the advantages, but I think it equally just to say that the disadvantages come out a poor second.

ALVIN BROWN

His business and writing careers have won Alvin Brown a solid reputation as an authority on business finance and corporate organization and administration. After working with the Moline Implement Company and the West Virginia Coal and Coke Corporation, he joined Johns-Manville in 1940 as Assistant to the Vice President in charge of Finance, and was appointed Vice President for Finance and elected a Director of the Corporation in 1946. He is the author of the books, **Organization, A Formulation of Principle, Organization of Industry,** and **The Armor of Organization,** and is a member of S.A.M. and a Fellow of the Academy of Management.

* *"Training Managers by the Case Method," Scott Nicholson,* Management Record, *National Industrial Conference Board, April 1956.*

But now to get down to business. For simplicity, I shall put quotations from the article in *italics*, my own observations in roman type. And if anyone imagines the quotations are unfairly extracted from context, I can only advise him to read the article itself.

Adapted from a method of teaching law and medicine. . . . The case method is apt in teaching law for just one reason: the law is what the cases say it is (until the court changes its mind); though, even so, one who relies upon the cases alone will get a scant concept of jurisprudence. This claim of parentage conceals another congenital difference: law cases present facts-law-reasoning-conclusion; the case method presents—just facts. Thus, the word *adapted* is a self-serving word, with about as much import as to say that the key to your front door is adapted to open a sardine can. As for medicine, he is a rash man who would trust himself to a physician who got his diploma by the case method (there is none, of course); the man who values his life will seek the physician whose skill is grounded in principle.

The case method requires each manager to develop his own principles rather than having them spoon-fed to him. Spoon-fed, of course, is an epithet of the crasser sort. Without further notice of the implied need to bolster the assertion, however, let us see what, taken at its face value, it means. It says each *manager* (pupil, if so humble a word can be applied to a manager) must *develop his own principles.* He must, in other words, be blinkered from the accumulated wisdom of the ages; he must begin all over again, as it were in the dawn of civilization, to *develop his own principles.* Heaven help him!

As *a result, it trains men to think for themselves.* Here the purpose undergoes a curious transmutation. We were led to believe the intention to be to train men as managers. That would mean substantive matters like organization, administration, employee relations. Is he to be trained in those subjects only to learn to think? Or is the evangelist taking aim at two targets? (That's not too easy to do.) If men are to be taught to think for themselves (and it is a laudable purpose), why not teach them directly? Why not make thinking a subject of training in its own right instead of a wishful by-product of another subject? There are good books about it. *Rational Belief,* by Frye and Levi, is one of the best. A shorter but useful text is *Twelve Rules for Straight Thinking,* by Reilly.

By allowing each participant to come to his own conclusions, the case method overcomes the resentment people have against "being told." Here we have a violent assumption subjoined to an impossible dilemma. As to the assumption, must we really picture these aspirant managers muttering in *resentment* at *being told* by the benighted instructor who doesn't use the case method? Is there actually that much resistance to getting knowledge? The other part of the assertion presents the basic dilemma of the case method. If each participant is to be allowed *to come to his own conclusions,* twenty participants may reach twenty different conclusions. Does the case-method man have such faith in human infallibility as to expect all conclusions to be right? And if one is wrong, is it better that the man be left in the error of his *own conclusions* than that he *be told?* The case method cannot have it both ways.

People *tend to pay closest attention when actively involved in a discussion.* While this is doubtless true as stated, the implication that therefore the case method is better than any other is a long leap. The number of persons who can be *actively involved in a discussion* at any one time is strictly limited unless the discussion is to degenerate into turmoil. For those not *actively involved in a discussion,* the chances are their attention will be held much more closely by what a capable instructor says than by what other participants say.

It requires participants to phrase their ideas in such a way as to be understood by the rest of the group. This is perhaps as plain a bootstrap assertion as any made about the case method. It says, by talking a man learns to talk clearly. Anyone who has listened much to talk will recognize the falsity of this. By talking a man learns only to talk. To learn to talk clearly requires quite a different exercise.

. . . the experienced leader avoids taking sides in a discussion. This throws me for a 10-yard loss. The only possible inference is, better error than education. The right to be wrong, and not wisdom, is better than rubies.

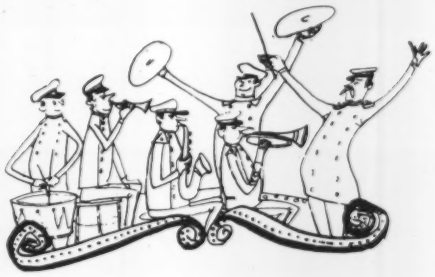
He must be a skillful guide and prodder, rather than an instructor. So *instructor* is a *BAD* word, and *guide* and *prodder* are *GOOD* words.

. . . participants . . . need a permissive atmosphere in which they can put forth their ideas without fear of the leader's rejection, derision, or blame. Ah, the terrible whiplash of the tongue of the leader who doesn't use the case method! And ah, the measure of contempt we must have for the leader who would *reject* error in behalf of the truth!

The case method utilizes the experience of all the group members, not just the leader's alone. Is this a copyright of the case method, forbidden to those who choose other methods?

. . . the discussion leader must be capable of reasoned and logical analysis himself. To what purpose, pray, if the leader must allow *group members to develop their own principles* and *should avoid interjecting his own point of view?*

Among the interesting facets of the article is the reference to "The Administrator" by Glover and Hower. It is, indeed, as the article says, a case book, and the authors are (yes, you guessed



CHAPTER HONOR ROLL

CONGRATULATIONS to the current leaders in the Chapters' Membership Campaign. Quotas attained to date are:

Puerto Rico	211%	Nashville	60%
Sacramento	180%	San Fr'ncisco	54%
Greenville	157%	Washington	53%
Clearing	138%	Los Angeles	35%
Bridgeport	130%	Milwaukee	35%
Wilmington	130%	Greensboro	29%
Montreal	127%	W. Mass.	29%
Madison	120%	Georgia	27%
Baltimore	115%	North'n N. J.	23%
Columbus	111%	Binghamton	21%
Knoxville	111%	Raritan Val.	21%
Fox Valley	100%	Dallas	19%
N. E. Pa.	100%	Boston	18%
Providence	100%	Cleveland	18%
Twin City	100%	Pittsburgh	14%
Philadelphia	84%	Indianapolis	11%
Lancaster	78%	Reading	10%
West. N. C.	73%	Cincinnati	4%
Hudson Val.	67%	New York	3%

it: Harvard professors. But, curiously enough, the cases are interlarded with quoted dicta of the great and the humble, including among the latter (incredible as it may seem) me. I have never been able to decide whether these atonal notes were intended to abet the cases or were being exposed to derision, but I am sure of one thing: they are unaccounted for by the announced doctrine of the case method.

And now, both to those I have persuaded and to that greater number who will not be persuaded, I have a confession to make. I cannot honestly conclude this rejoinder without making it. And this is it: I do not really believe that the case-method people mean all they say. Further, and more importantly, I do not really believe that the case-method people employ that method in the way they say they do.

How could they?

I BELIEVE they are carried away by their enthusiasm; that, like recent converts, they are more zealous than the orthodox. In actual practice, I believe, the case-method man, though he may give his charges a free rein so long as they gallop down the highway of truth, will check them—however gently, however imperceptibly, but check them—before they crash into the pit of error.

But, however charitable one's belief may be about their deeds, they cannot be let off from the consequences of their words. The real danger is that such facile language may mislead the unwary.

Let's try to put the matter in a nutshell. Let us distinguish between the student who seeks to increase the world's store of knowledge and the student who seeks to acquire that knowledge (unfortunately, the same word denotes both). For the former, cases are his raw material, the basis of inductive reasoning, the foundation of the natural sciences; but the knowledge so gained, to be useful, must be synthesized into principles. To say that the latter kind of student can go through the same process is sheer pretense. The process is too long and the area too vast even were the student gifted enough to do so. This storehouse of knowledge, this rich inheritance from the past, is his for the taking. What mockery to say he can ignore it and build his own! Left to that path, he could only be as "little children stumbling in the dark." ■

Don't Forget . . .
S.A.M.'s Fall CONFERENCES

CIPM Reports . . .

Lawrence Murphy Describes Israeli Seminars

LAWRENCE B. Murphy, Executive Vice President of The Williamson Company in Cincinnati and former President of the Cincinnati Chapter of SAM, has just returned from Israel where he and four other representatives of American management held two weeks of seminars for management leaders from all parts of Israel. Mr. Murphy writes, "While the preponderance of Israeli conferees were managers or owner-managers from the private-capital segment of industry, there were also a number of managers of Histadrut enterprises (labor-owned industries) as well as a few managers of State enterprises." Each seminar group also included representatives from the Manufacturers' Association, the Histadrut Headquarters, the Productivity Center, and sometimes other ministries and universities in Israel. "Irrespective of the wide range of economic philosophies obviously existing within each group," states Mr. Murphy, "the uniformity of interest in the management philosophies and practices of the Americans . . . seemed to characterize all groups. . . . The utter frankness with which the Americans expressed themselves and used their own companies and management experiences to back up their convictions, seemed to make a profound impression on the Israelis and to establish a sincerity of relationship with them."

Despite the heterogeneousness of the Israeli conferees, they all became increasingly aware of what Mr. Murphy terms "the American top management conviction that only as it relieves itself of the countless daily activities involved with current operations can it hope to develop competent managerial material . . . and to plan more scientifically for the future well-being of the company." The Israelis were impressed too with the fact that differences existed among the American seminar leaders. In fact, these very differences reinforced the Americans' verbal expressions of the "freedom which exists in the American type of industrial economy for management to manage."

American businessmen take meetings and conferences somewhat for granted. However, each American who returns from leading seminars overseas does so with the strong conviction that this habit of getting together to talk over common problems or to learn new ideas is one of the most successful and unique techniques employed by management in this country, and one that has only recently begun to spread to other countries. Mr. Murphy expresses the thoughts of most American management leaders upon their return from such assignment when he says that "It is to be hoped that the Israeli industrialists . . . will learn to appreciate more and more the great assistance they can be to one another, by meeting and honestly working together in the solution of common problems within their businesses. . . . If this American team could accomplish nothing more than to bring about a freer interchange of experiences among Israeli management people, voluntarily and sincerely seeking to learn from one another, the seminars will have justified themselves."

CIPM Announces First Western Hemisphere Management Conference

The first Western Hemisphere Management Conference, under the sponsorship of the Pan American Council of CIOS (PACCIOS) will be held in Santiago, Chile, on November 12 to 17, 1956. The host at this conference will be the Chilean member of PACCIOS, the Instituto Chileno de Administracion Racional de Empresas, and leading management representatives from PACCIOS members in the United States, Canada, Brazil, Argentina, and Mexico will attend.

PACCIOS Welcomes New Member

The Confederacion Patronal de la Republic Mexicana is the newest member of PACCIOS and of CIOS, bringing to six the number of members in PACCIOS, and to 27 the number in CIOS. The Confederacion is composed of leading Mexican industrialists who participate in its seminar and other educational activities in 23 chapters throughout Mexico.

JANE DUSTAN
CIPM Editor

S.A.M. is a charter member of CIPM, the Council for International Progress in Management, the American non-profit, non-political organization devoted to the practice of scientific management on the international level. CIPM is in turn a member of the International Committee of Scientific Management (CIOS) which represents the organized management societies of twenty-six nations.

In companies which do not have all of their staff functions referred there is always someone who is familiar with written and unwritten policies, precedents, and managerial viewpoints, who can use his empirical knowledge to considerable advantage. In the smaller companies the chief executive himself may be the man who will undertake the handling of the job title structure. In any case, there's gold in them thar titles!

The Use And Mis-use Of Salaried Job Titles

By C. J. Costello
Manager, Organization & Procedures
Marathon Corporation

STUDY of current industrial practice indicates that corporations generally show little appreciation of, or profound concern about, salaried job titles. Most corporations appear to ignore the real purpose of salaried job titles. What is more significant, they do not seem to recognize the savings possibilities that can arise through a more careful application of titles to salaried jobs.

Now, what is the real purpose of a salaried job title? A salaried job title is the most conspicuous of the several means of making organization understood. For every person in the corporate organization who will be exposed to the organization manual (if one exists) or to salary evaluation position descriptions (if they have been prepared), there will be as many as from ten times upward of exposures to the salaried job title itself.

At this point, it is advisable to distinguish between externally used job titles, employed to impress customers or other outsiders or to gratify employees obsessed with status; and those used internally in making organization understood.

For instance, a department store may want, for purposes of economical administration of complaints, to refer publicly to a complaint or adjustment clerk as a Complaint Manager. But it may well defeat this very purpose of economy if it uses the managerial title in its internal relationships.

Quite often, the influence of outside contacts causes job titles to be used for the purposes of impression that create a complete false internal picture of organization. As examples, the author knows of a freight rate specialist who was called a Freight Rate Manager, although he supervised no one. Again, a "greeter" or "glamor boy," used to extend the working life of a Sales Manager, by relieving the latter of night-clubbing aspects of customer entertainment, was called a Merchandise Manager, although he had no subordinates. Had this job been given a proper internal title, such as Headquarters Sales or Contact Representative, it is probable that the salary evaluation would have been lower by $4,000 a year ($6,000 per annum rather than $10,000).

Moreover, there was an old school of management that thought it quite appropriate to compensate salaried people through titles as a substitute for money. Perhaps this old fashioned practice still obtains, here and there. But it tends to be self-defeating in the long-term. The old timer dies or steps out and is superseded by a modern manager, who has immediate trouble when he seeks to adjust equitably the inherited title structure and, at the same time, to establish the true purpose of these titles.

The practice of being generous with titles in lieu of salary often backfired anyway. The clever titleholder merely used the empty title to his own advantage by negotiating a similarly titled job elsewhere, which did carry with it the compensation implied by the title.

A more modern example of partisan use of salaried job titles apparently stems from over-zealous concern for personnel. Thus, titles are used to placate or to mislead the employee and/or his family and friends. An attempt is made to manipulate the job

C. J. COSTELLO

Mr. Costello is the author of "The Task of Systems Management" and "Forms Control Pays Off Early." Before coming to Marathon Corporation in 1952, he was Senior Internal Auditor with Johns-Manville Corporation, Controller with Eastern Wholesale, Inc., Staff Industrial Accountant with Continental Can Company and Chief Accountant of Bowman & Company, Inc., a subsidiary of Standard Brands.

title so as to disguise the true nature of disagreeable work. An illustration of this might be the masking of the task of supervision of garbage collection by referring to the group leader or foreman as a Sanitation Engineer. Those who employ such a job title sincerely believe they are thereby making a disagreeable job more palatable to the family and friends of the employee. What they do not recognize, however, is that they have simultaneously misled those in the same company who may want to have some garbage disposed of. Those people have avoidable and recurring difficulty determining who in the organization should be approached for this service.

UNFORTUNATELY, the "Sanitation Engineer" soon sees that he is living less well than some of the genuine engineers in the company. Should he pursue this aspect of the matter, he is unlikely to find wholly acceptable such explanations as may remain suitable for use by those who have embarked upon this devious course of equivocation with reality. Thus, it is very questionable that well-intentioned deception, such as this, does really achieve permanent success in keeping happy the holder of a spurious and misleading salaried job title.

Now let us consider some examples of the effect upon salary costs of elections as to job titles.

One may observe differences in salaries of such clerks as Bill of Lading clerks, Cost Analysis clerks, Order clerks, which are facilitated by this practice of delineating specific kinds of clerks by the location elements in such job titles. Whatever functional clarity is achieved by delineation of the locations is often sacrificed financially because the fundamental was ignored that, basically, clerks are of varying degrees of proficiency regardless of location. Hence, a proficiency designation must logically become part of the salaried job titles applied to clerks if comparisons are to be precise. Thus, all class A or class 1 clerks would fall in the same salary bracket, regardless of the influence of location.

When location or function are indicated to the exclusion of the designation for proficiency, the compensation of clerks tends to be affected by extraneous considerations. The clerk in a plush sales office may be paid more than the job warrants simply because of the influence of mere proximity to high salaried sales people or because "the boss wants him to dress up."

The writer has observed extreme cases in which the job titles of clerks of varius kinds have been glamorized in the marketing area into such jobs as Sales Specialist, Sales Assistant, etc., when, in fact, the real duties were those of Sales Order clerks, Scheduling clerks, or Sales Correspondents. Some of the resulting salaries associated with these aggrandized titles were probably double what would have been paid under a more prosaic and realistic scheme of job titles. The added cost has probably exceeded $100,000 a year in salaries in the area observed.

The requirement of indicating proficiency as part of the job title has application also to titles of jobs occupied by most types of staff specialists. Thus, senior, intermediate, junior, or class A, class B, class C, etc., in other words, a proficiency scale rating, should be a part of such titles. There are engineers and engineers. Organization is more accurately depicted if the proficiency rating is indicated. Where this is not done, and a product line type of title is used, those associated with the current "money-making" product or division tend to be paid more, the basis being the luck of the draw or propinquity, neither of which is indubitably a scientific justification of observed higher rates.

IN one case, four product development engineers were called Assistant Managers (for specific product lines) although working exactly as they did before their job titles were glamorized. The resulting ultimate increase in annual salary costs may reach $10,000 ($2,500 a man).

Let us suppose we have an organizational area which is called General Engineering. Assume that this area includes six sections: steam, construction, electrical, drafting, contract, and recruitment. Now, if we call Section Heads in these subdivisions Supervisors, we will use one set of supervisory salary guideposts. If we call them Managers, and call the sections departments we'll probably use another. In one company supervisory ranges are from $6,000 minimum to $10,000 maximum; while managerial brackets run from $8,000 to $25,000. In that company, calling the areas sections and the heads supervisors would result in a supervisory cost of $36,000 minimum and $60,000 maximum or $48,000 average; to call them departments with managers raises these figures to $48,000 minimum, $150,000 maximum, and $99,000 average, a long-term higher cost of from 50% to 100%.

ANOTHER example of excessive salary cost arises when the basis of organization is essentially some form of parallelism, such as organization by product line or group. In this situation, these may be six or seven Group Sales Managers (although group volume in one product line area may be many times that of another). There may, under these arrangements, also be supervisors and staff specialists of various kinds, again established in parallel. Through this, in this case, misguided effort at achievement of consistency, the lower volume areas may be subjected to administrative salary costs not justifiable by the current or near-term future volume of business. (Example at bottom of this page.)

It is not always recognized, since after all the higher volume areas once had low volume, that in the cited example the Group V, VI, and VII Sales Managers very probably should do their own merchandising and handle their own sales service; or, if not, then the assis-

Job	*Product Group I*	*Product Group II*	*Product Group III*	*Product Group IV*	*Product Group V*	*Product Group VI*	*Product Group VII*
Sales Manager...	$25,000	$25,000	$25,000	$25,000	$25,000	$18,000	$20,000
Merchandise Manager	15,000	15,000	15,000	15,000	15,000	12,000	12,000
Sales Service Supervisor	10,000	10,000	10,000	10,000	10,000	9,000	9,000
	$50,000	$50,000	$50,000	$50.000	$50,000	$39,000	$41,000
Annual Sales Volume (000 omitted)	$20,000	$10,000	$15,000	$20,000	$1,000	$200	$2,000
% Supervisory Cost of Sales...	.250	.500	.375	.250	5.000	19.500	2.050
Ratio to Lowest Cost ...	1.0	2.0	1.5	1.0	20.0	78.0	8.2

tants could satisfactorily be of lower grade with a lower salary cost. These lower rated jobs should preferably not bear the titles of those in the established product group areas, but should indicate the lesser degree of responsibility. Perhaps, Merchandising Specialist—Class C, or Sales Service Specialist—Class B, would be typically applicable titles.

If it seems that it would be unlikely that a sizable company would operate with such salary differences, just look around.

The mere fact one has employed a high-powered man somewhere does not, *ipso facto,* prove that the position in question actually requires a person of exceptional caliber. In the equipment area tabulating installations and automation do exist without justifying volume. One may make similar errors in dealing with job requirements.

While one may believe that salary evaluation takes care of situations such as those cited, close observation will raise some doubts that this is necessarily true. The titles used are likely to affect evaluation points, *when two or more related titles are in current use,* unless the operating areas are quite remote from one another.

THE illustrations cited indicate that no sound and equitable salaried job structure can be expected to be maintained unless terms like "section," "department," "manager," "supervisor," "director," etc., are carefully defined. Without this any salary evaluation, whether under a formal plan or by application of executive art, must remain vulnerable.

While this writer does not happen to know of a company which has adopted a policy on salaried job titles, he does believe that this is a necessary first step when a title problem exists. Such a policy might resemble the following:

STATEMENT OF COMPANY POLICY
SALARIED JOB TITLES

1. Objective
   This policy is intended to guide the establishment of salaried job titles used internally in the company.
2. Definition
   A salaried job title is the descriptive name used internally to differentiate one type of salaried job from another.
3. Policy
   a. *Salaried job titles established will be those which contribute to maximum internal understanding of organization; hence, they are to be established with great care.*
   b. *Specific job titles will ordinarily indicate scope, rank, specific nature and degree of responsibility involved.*
   c. *Where essential, as in staff clerical or professional positions, proficiency rating will be made a part of the salaried job title.*
   d. *Salaried job titles established will be realistic. Glamorization of salaried job titles and other partisan bases for such titles are declared to be against company policy.*
   e. *Salaried job titles will be consistent, regardless of functional or other area in which the job is located.*
   f. *Job titles carrying a connotation of supervision, direction, or management may be established only for jobs which require the holder to spend at least 60% of his time in directing the work of a minimum of four subordinates either directly reporting to him or in lower echelons of his chain of command. This time requirement shall become 100% for all positions in which the terms "Manager" or "Director" appear in the job title.*
   g. *No job title may be used which is not certified by the Salary Administrator for listing on the schedule of salaried positions.*
   h. *When a title is sought for use in external contacts, in addition to the job title for internal purposes, approval of the Salary Committee will be required.*
4. Transition
   Since position titles may now exist, inconsistent with this policy, amendment may be deferred. upon request of the affected division head, until the next incumbency change, when immediate amendment would needlessly embarrass the present incumbent.

JUST getting the policy down on paper won't do the job. It will only provide an authoritative basis for the adoption of realistic salaried job titles, which afford maximum clarity of organization and carry with them the probability of minimum equitable salary costs.

There are usually, in most companies of any size, some areas of salary evaluation and administration. There may also be an area of organization planning. These are the areas which should be involved in the effort to reap the benefits of lower cost and enhanced organizational understanding which can be achieved by care in the creation of salaried job titles. Therefore, it is necessary that supervision and personnel in these areas rightly understand the real purpose of salaried job titles and, more particularly, the large number of dollars a year to be saved by establishment of sound titles and avoidance of title glamorization.

IF this care is taken, the company will be aided. Its supervision and operation will be affected favorably by the greater organizational clarity expressed in the titles and the resulting improvement in the precision of organizational relationships. Since "enforcement of the relationships of organization is the highest function of supervision" (Alvin Brown, "*Organization: A Formulation of Principle,*" p. 245), the task of supervision is made lighter and easier by the broader and more precise understanding generated by intelligent job titles.

Once the proper administrative areas realize the potential of attention to salaried job titles, then a start can be made with assurance of progress.

There will be a great tendency to demur at first. Most busy operating executives appear to have remained amazingly unaware of the numbers of dollars they are throwing away by inattention in this area. When they are made to realize that thousands upon thousands of dollars are affected by the choices of these titles, one may look for more active interest on their part.

Assuming that interest has been aroused — the manning tables, which should previously have been charted to show that the problem really exists, should be brought into play. The areas of potential improvement and the dollars involved, previously isolated, should be put forward as projects for attention and action.

Where structure is basically not clear, the organization planning area should develop corrective recommendations.

When salary evaluations appear to be defective, jobs involved should be restudied. Questionable salary comparisons should be investigated.

Then, when these corrections have been made, the groundwork exists for correction of established job titles. ■

The modern businessman realizes that the human being is an individual no matter where you find him, therefore cannot profitably be treated as a machine. And good human relations can be a spur to increasing production. The author, long a businessman before he became a business teacher, gives here some facts and figures concerned with the value of proper consideration to the human element in job evaluations.

The Individual In Government And Business

By Harold B. Wess
Professor of Business Administration & Marketing
The American University
Washington, D. C.

We have made tremendous progress in scientific management, in production, and now in automation. Our productive capacity is practically unlimited. We can turn out in factories and on the farms an unbelievable quantity of goods. On the other hand, in the area of human relations and the understanding of the destiny of the individual, we are as far behind as we were more than fifty or one hundred years ago in the field of production.

Scientific management has gone far in creating mass productivity at a tremendous pace, but in its application has missed the *vital importance of the individual who cannot be used like a machine.* This has created tremendous problems which are still to be resolved. Further, we are beginning to learn that in the practice of good human relations, in understanding the motivations, the dignity, and the desires of the individual to be recognized as an entity instead as a cog in a machine, there are greater opportunities for increasing production than we ever dreamed possible.

The individual in government and the individual in business *is an individual* regardless of the size of the unit to which he belongs or the work he performs. As an individual he wants understanding, appreciation, dignity, recognition, self expression; and above all, he is anxious to feel a part of a team that has some meaning and purpose in life even if he plays a humble role in the operation. If we paid more attention to the individual, he could be made happier than he is. I am not referring to the pension funds, recreation halls, the hospitals and nurses, the tennis courts and all the material things we have built up in order to make people happy. These are good, to be sure, but inadequate *if we fail to take into account the spiritual needs of the individual.*

It is a shocking experience to hear well-intentioned, nice people, equate intellect with sensitivity, to see them take for granted that the higher the intellect the more sensitive the person. We thoughtlessly assume that a person with little schooling is a person who can get used to and accept indignity to his personality. Of course, it is easier to embrace causes than to embrace people. The cause of liberty, freedom, democracy, free enterprise, human relations and all other causes can become abstract and useful tools. The test of sincerity of those who profess to espouse these causes comes at one point only, and that is; how do they behave towards Tom, Jack and Harry?

We must remember, at all times, that human relations is not something to be used to manipulate people. We can be certain that if we try to use this new skill in human relations *only* for the purpose of increasing production, we shall fail.

Scientific management and mass production have been a necessary evolutionary process in an industrial society such as ours but in the process of creating efficiency we have unwittingly made the individual a cog in a machine, and while we take good care to oil our machinery, we have failed to give like consideration to the human being. We have unwittingly substituted an "aloneness" for a "togetherness" making it

HAROLD B. WESS

Professor Wess was Vice President of R. H. Macy & Company, New York City, for thirteen years; Managing Director of American Retailers, Inc.; Vice President and General Manager of The Namm Store, Brooklyn; Vice President and General Manager of The Hartman Furniture Company, Chicago, and Chairman Consultant of Alexander Department Stores, New York, before joining the teaching staff of The American University in Washington, D. C. He is the author of *Profit Principles of Retailing,* and a lecturer of note.

possible for the individual to indulge in obsessive thinking and in over-thinking simple grievances. We have created something called "communication" but failed to realize *there can be no communication without understanding.*

Spontaneous combustion in individuals is not spontaneous at all; the combustive process has been going on a long time and it is only spontaneous at the precise moment when we see it happen. There is no sudden blow-up. A revolution in the individual, like in the mass, does not erupt suddenly; it has been rumbling slowly but surely for a long time before it finally explodes. We shall be very wise in human relations in concentrating less on the spontaneity of these combustions and more on the process that brings them into being.

We must start out with the knowledge that as there are no two leaves on a tree exactly alike, there are no two individuals exactly alike and, furthermore, that things hardly ever happen the same way twice.

"America in 1975" has become a fascinating subject for speculation. It has served as a spectacular on T.V., in pamphlets, newspapers and magazine articles. It is very disquieting indeed to find that the emphasis is placed on how well we shall eat in 1975, how we shall travel in atom powered cars, trains, etc., —a push-button civilization indeed. Not a word about the individual. I presume the assumption is that the individual will be a happy, well integrated, social and spiritual person in this coming golden material age.

Assess the wisdom and understanding that the administrator must bring to bear in his day to day task of getting a job well done with the full, willing cooperation of the people through whom the job must be accomplished. Cooperation cannot be coerced, it must be spontaneous, it must be voluntary on the part of the individuals themselves. That is quite a tall order, but if we are to survive as a free dynamic society we must learn at least as much about this area as we have learned so far about scientific management and mass production.

What then are the benchmarks the modern executive must set for himself? What must we be on the alert for in dealing with the individual? A few examples will suffice.

1. We often communicate to others more through our own actions and attitudes than through words.
2. Silence on our part at the wrong time can have a shattering impact on the individual.
3. The individual wants to be understood by his superior instead of being judged.
4. We must work full-time on the creation of the proper climate and conditions which will encourage voluntary cooperation and teamwork. Cooperation cannot be coerced. How the individual feels about his job, his fellow workers, his superiors, will determine whether he will give himself wholeheartedly to a group.
5. The individual is many, many people all in one. He is part of many social groups and teams at home, in clubs, in church and the place where he works. He plays a different role in each of them. In the place where he works he may be part of a small social group where he is recognized as a leader, although his superiors may not see him as such in the total picture of the factory or office.
6. In handling the individual, logic by itself will not be of much help. Sentiments and attitudes resulting from the personal and social background of the individual will play a major role. We cannot understand an individual's sentiments apart from the individual's biological, psychological and social background and experience.
7. An individual's job must have some social function. If the job has no human meaning to him, the work on which he spends such a large portion of his life robs him of his dignity as a person and may lead him into loneliness and "obsessive thinking."
8. We must not overlook the trivial in human relations. What appears trivial may have shattering significance for the particular individual.
9. The individual yearns to talk to a sympathetic listener. We must learn to listen to what a person wants to say and what is even more important, we must learn to listen to what the individual does not want to say, to what he is ashamed to say without some help. Quite often the things the individual is complaining about may have nothing to do with his current state of dissatisfaction and unhappiness.
10. Instead of insisting that the individual understand you, you must try to understand the individual. You must learn to listen in such a way as to convince the individual that you are genuinely interested in him and in his welfare. In this way you will get the individual's loyalty and cooperation.
11. We must be aware of the informal groups that draw individuals together within an organization. These informal groups do not appear on the organization chart but we must respect the social meaning and sentiments of these informal groups.
12. We must learn to share our load with all the people. Good and useful ideas can be found at all levels of the work organization. When individuals understand the purposes to be achieved and feel that they are contributing to these goals the jobs will be better executed.

In conclusion, may I suggest that we stop talking about government and business in the abstract. Let us become aware of the individual in government and the individual in business. We must establish better understanding *by* the individual in government *of* the individual in business. If we can achieve such understanding we shall have a team of government *and* business instead of government *versus* business. ■

CHAPTER PERFORMANCE AWARDS REPORT

For Period of July 1, 1955 to April 30, 1956

Hudson Val...	10063	Columbus ...	5319
Knoxville	8508	Clearing	5243
Providence ..	8416	Alabama	5181
Lancaster	7781	Baltimore	4852
Washington .	7669	Dallas	4795
Philadelphia .	7325	Montreal	4795
Greensboro ..	7322	Lehigh Valley.	4776
Wilmington ..	7291	Worcester ...	4669
Western N. C.	7263	Madison	4579
Cleveland ...	6808	Richmond ...	4480
Bridgeport ...	6724	New Orleans .	4169
Milwaukee ...	6591	Saint Louis...	3724
Chicago	6582	Portland	3505
Sacramento ..	6555	New York	2922
New Haven ..	6530	Georgia	2468
Indianapolis ..	6500	San Francisco.	2446
Nashville	6479	Central Penna.	2257
Raritan Valley.	6384	Detroit	1921
Tren.-Del. Val.	6330	West. Mass...	1538
Boston	6293	Central N. Y..	1512
Greenville ...	6214	Athens	454
Binghamton ..	6028	Calumet	
Northeastern Penna.	6014	Charlotte	
		Cincinnati ...	
Twin City	5991	Dayton	
Pittsburgh ...	5883	Fox Valley....	
Reading	5858	Hartford	
No. N. Jersey.	5831	Long Island ..	
Kansas City..	5746	Northern Ala..	
Los Angeles..	5595	Puerto Rico ..	

New Management Writing . . .

RINGS AROUND US

By Ernestine Gilbreth Carey. Little Brown & Co., $3.50.

ONE of the co-authors of the two Gilbreth classics, "Cheaper By The Dozen" and "Belles On Their Toes," Ernestine Gilbreth Carey, now adds a second volume to her independent score. It is autobiographical, like the first. But whereas "Jumping Jupiter" was A. M. (antemarriage), "Rings Around Us" is P.M., save for some introductory pages where Ern, Smith graduate and careerist, meets Chick, a man with a mind of his own, and takes him home to run the gauntlet of ten more brother and sister individualists.

The book's title is explained in a Foreword relating how the Carey family of four, on a recent California vacation, stopped to admire the cross section of a tree of some 6000 years and as Chick explained the meaning of the concentric rings, Chick Junior inquired: "Do rings like that grow in me and everybody?"

And this is the story of how they do; how they began growing around two honeymooners, through their early adjustments, testing out their rosy theories that marriage need not interfere with a wife's career, or vice versa; through changes which came with a baby daughter and then a son; their move to a house with a yard in Manhasset, the family rings now spreading to take in new friends and gradually the community to whom the book is affectionately dedicated.

All familiar kinds of experience in the lives of so many Erns and Chicks who in spite of infinite differences of separate patterns, like thumbprints, carry forward the same likenesses, the eternals that are in life and work and love.

Such common experience, honestly, interestingly, often almost clinically, set down, assures this book a wide readership and to the family ever-widening rings as their three other careers are added to Ern's second career to which the book does not refer, of writer and of speaker on radio, TV and platforms throughout the land.

One chapter in the book which this reviewer liked especially, gave a glimpse of some larger encircling rings. It tells of the visit of the Carey four to Nantucket where the Gilbreth summer place had been evolved from a lighthouse keeper's cottage and two towers that had been channel markers to keep old whalers from going aground.

The established family custom on approaching the Island on the small steamer was to stand on the upper deck near the Captain's quarters and to exchange noisy salutes with any of the clan who happened to be there at the time to serve as a welcoming committee —one on a dune near "The Shoe," another on the rocks surrounding Brant Point, still another on the wharf. . . .

They exchange the latest news, shout the scores on sailing and fishing, then as the boat docks and they reunite, one gets the impression or it may be the conviction, that no matter how many independent family rings may be grown by this independent second generation, they and the world must always be conscious of those greater encircling rings of an Illustrious Clan. ■

PEARL F. CLARK

EFFECTIVE COMMUNICATION ON THE JOB

A Guide to Employee Communication for Supervisors and Executives, M. Joseph Dooher, Editor, Vivienne Marquis, Associate Editor, American Management Association, 1956, 294 Pages.

IN response to the current interest in "communication" and the demand for more knowledge about it, the American Management Association has come forth with a workmanlike compendium of many of the major points so far developed about this complicated area of human concern. Communication is a result as well as a process. It must work two ways—the communicator must communicate and the communicatee must understand and must be able to feed back a sense of understanding—by action, attitude or verbal expression.

This is not as simple to achieve as it may sound on the surface. Therefore, this book takes you through the process step by step. And it specifically relates the steps to how supervisors and executives can communicate with their employees, and in turn aid the employees communicate with *them* (perhaps a more difficult and even less understood segment of the process).

The average manager spends perhaps ninety per cent of his time attempting to communicate. Unfortunately, many of us mistake the form of communication for its substance. We pay too much attention to media and devices, too little to content or purpose. We often think of the communication process too simply—as if the one clear, concise statement we make necessarily assures that we have made our point clear. We tend to talk too much and listen too little. We neglect to check up and find out if those to whom we have talked understand us, and in turn if we understand those who talk to us.

We also communicate by other means than words—tone of voice, expression of face, set of body, turn of the head. Workers read meaning even into silence.

Communication is more than a single step; it involves three steps—planning, transmitting and follow-up.

Misunderstandings may arise from differences in word meanings, but even more from differences in point of view. Thus, it is important for the communicator to try to understand the background and conditioning of the listener.

The supervisor must keep in mind the interests of the company, the workers and his own purposes and goals while discussing every single point, and lastly, there is no short cut into another person's mind. Generalities take us only to the threshold. What counts, in the final analysis, is not what people are told but what they *accept.*

This is a multiple-authorship book

THE ENGINEERING OF CONSENT

Edited by Edward L. Bernays, 246 pp., $3.75, University of Oklahoma Press, Norman, Oklahoma, 1955.

A systematic presentation in the field of public relations by eight authors of the principal organizational problems in any public relations undertaking. Covers the definition of objectives, the research to discover whether these objectives are attainable, the determination of strategy, the use of themes and symbols, the development of an organization to carry out activity, planning, and the tactics to be used to meet he objectives.

and suffers from some of the lack of cohesion common to that type of presentation. But the editors have minimized this disadvantage by providing two introductory chapters (By Frank E. Fischer and Lydia Strong of the A. M. A. staff) which pull together in an orderly fashion the main points. However, this reviewer feels that the whole effort could have been further strengthened by a closing chapter summarizing the conclusions of the several different writers. Some of the specialists go quite far afield, and it would be helpful to have their contributions brought back in a related fashion in a final summary.

Lack of a bibliography and an index hamper the serious student from following up on many of the subjects. No one book can hope to present an exhaustive analysis in all the varied areas where communication techniques are applicable. Many of the articles included give a splendid summary, but still a summary only of the main known points. References to the standard and classic works in the several fields covered would improve the scholarly tone of the book.

Some of the authors are authorities in their fields, i.e., Stuart Chase on *Semantics*. And in every case a sound presentation of the subject-matter has been made. Some of the sub-sections include How to Instruct, How to Give Orders, How to Reprimand, and What Your Boss Wants to Know, Safety, Rumor, Merit Rating, Counseling, Complaints and Grievances, Employment Interviewing, Conference Leadership, Making a Speech. Anyone can see that this is quite a bit to chew on in one book.

With all of that, one important area that is lacking is a discussion of "horizontal" communication among supervisors themselves. There is much excellent material available on how to sensitize ourselves as to the nature and background of our own thinking, as well as the thinking of our subordinates, co-ordinates and bosses. Knowing ourselves is an important aid to improving our communication. An adequate discussion of such sensitizing technique would further strengthen this book.

On the whole, however, this is a helpful addition to the literature in the field. ■

Evelyn Buckley Sauer
Management Consultant
Phoenix, Arizona

REVIEWS IN BRIEF

FINANCIAL MANAGEMENT FOR THE SMALL BUSINESSMAN

L. A. Tungate. Chapman and Grimes, Inc., Boston. 1952. 132 pages. Price $3.00.

Shows how to analyze financial information available from simple records, points out value of of a simple system of standard costs.

SMALL BUSINESS AND VENTURE CAPITAL

Rudolph L. Weissman. Harper and Brothers, New York. 1945. 174 pages. Price $2.00.

Analyzes some of the financial and related problems of small business and suggests some solutions. Attention is given to equity capital.

HOW TO MARKET YOUR PRODUCT SUCCESSFULLY

Walter Guild. Prentice-Hall, Inc. New York. 1955. 352 pages. Price $5.35.

The subtitle "Shows How to Get Your Product Started and Guide It to Success" is self-explanatory.

EFFECTS OF TAXATION; CORPORATE FINANCIAL POLICY

Dan Throop Smith. Harvard University, Boston, Mass. 1952. 301 pages. Price $3.75.

Written about both widely-owned and closely-owned corporations.

ENTERPRISE IN A FREE SOCIETY

Clare E. Griffin. Richard D. Irwin, Inc., Homewood, Ill. 1949. 583 pages. Price $6.00.

An excellent background treatise bridging economics and business with special attention to motivation, and the environment of business including competition, taxes, price level, and foreign trade.

AN INTRODUCTION TO ECONOMIC REASONING

Robinson, Morton, Calderwood. The Brookings Institution, Washington, D. C. 1956. Price $3.00.

A carefully constructed, easy to read economic analysis reduced to the understandable minimum of technical statements.

TECHNICAL AIDS FOR SMALL MANUFACTURERS

A continuing periodical series of cour to eight-page leaflets. Small Business Administration, Washington 25, D. C. Free.

These Aids review timely aspects of technical problems in typical small plants, such as work simplification, maintenance, and production efficiency. Available on a mailing list basis.

Selected by Wilford L. White
Chief, Managerieal Assistance Division
U.S. Small Business Administration

SMALL BUSINESS MANAGEMENT SERIES

Small Business Administration. Supt. of Documents, Washington 25, D. C. Prices from 15c to 35c.

Continuing series of booklets. Sample titles follow—complete list available from SBA.

Human Relations in Small Industry, *No. 3. 25 cents. 68 pages. 1953.*

A "how to" booklet for operating managers on decision making about employee-employer relations.

Cutting Office Costs in Small Plants, *No. 6. 1953. 49 pages. 25c.*

Small plant owners beset with day-to-day production problems of varying urgency will find this booklet a ready reference for ideas on reducing office expenses.

Cost Accounting for Small Manufacturers, *No. 9. 1953. 89 pages. 35c.*

Small plant owners and managers may turn to this booklet for up-to-date guidance on accounting procedures and cost records.

Executive Development in Small Business, *No. 12. 1954. 44 pages. 25c.*

This booklet recognizes the need in small manufacturing concerns for selecting, holding, and developing competent managers. It gives practical methods to plan an effective training program.

A Handbook of Small Business Finance, *No. 15. 1954. 30 cents. 89 pages.*

Small manufacturers can review these pages for guidance on various types of financial assistance.

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A continuing periodical series of four to eight-page leaflets. Small Business Administration, Washington 25, D. C. Free.

Subjects are of three main types: internal general management, business-government relations, and sources of external help, advice, and guidance Available on a mailing-list basis

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Annual Report

OF

THE SOCIETY FOR

ADVANCEMENT OF MANAGEMENT

1955-1956

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Sacramento Frosted Foods Co., Sacramento, Calif.
Col. Leland B. Kuhre ..... St. Louis
San Antonio, Texas
William R. Willard ..... San Francisco
United States Steel Corp., San Francisco, Calif.
William R. Swett ..... Stamford
Bruce Payne & Assoc., Inc., Westport, Conn.
Clarence C. Martin ..... Trenton-Delaware Valley
Congoleum-Nairn, Inc., Kearny, N. J.
Andrew A. Kole ..... Twin City
International Milling Co., Minneapolis, Minn.
Ewan Clague ..... Washington
Bureau of Labor Statistics, Washington, D. C.
William H. Weaver ..... Western Massachusetts
University of Massachusetts, Amherst, Mass.
Eugene J. Benge ..... Western North Carolina
Benge Associates, Asheville, N. C.
Victor M. Gelin ..... Wilmington
E. I. duPont deNemours & Co., Wilmington, Del.
Edward A. Necker ..... Worcester
M K M Hosiery Mills, Rochdale, Mass.
*F. F. Bradshaw, President
Richardson, Bellows, Henry & Co., New York, N. Y.
*John B. Joynt, Vice President
American Enka Corporation, Enka, N. C.
*Dause L. Bibby, Secretary
Daystrom, Inc., Elizabeth, N. J.
*Homer E. Lunken, Treasurer
The Lunkenheimer Co., Cincinnati, Ohio
*George B. Estes, Director-at-Large
Republic Aviation Corp., Farmingdale, L. I., N. Y.
*Maurice R. Bachlotte
E. I. duPont deNemours & Co., Inc., Old Hickory, Tenn.

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Vice President of
Civic Affairs

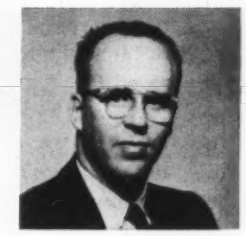
AL N. SEARES
Vice President
Distribution

RALPH M. BARNES
Vice President
Industrial Engineering

RALPH C. DAVIS
Vice President
Management Research &
Development

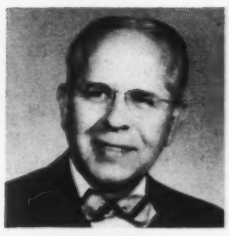
MATTHEW J. MURPHY
Vice President
Material Handling

PHIL CARROLL
Vice President
Membership

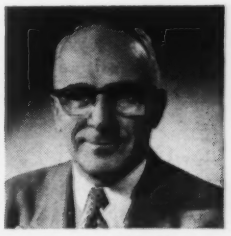


J. RICHARD JEFFREY
Vice President
Senior Chapter
Operations

LESTER F. ZERFOSS
Vice President
Seminars



HAROLD FISCHER
Vice President
University Chapters
Operation & Development



FRED E. HARRELL
Vice President
Central Region

BRUNO A. MOSKI
Vice President
Middle Atlantic Region

BERNARD F. OSWALD
Vice President
North Central Region

E. LESLIE PRIESTMAN
Vice President
Northeastern Region

M. R. BACHLOTTE
Vice President
Southeastern Region

HAROLD R. BIXLER
Executive Vice President
of Society Operations

MARION CUSICK
Asst. Treasurer

VINCENT A. FLYNN
Director of Research

ROBERT H. LAWS
National Economics
Director

The Annual Report—1955-56
The Society for Advancement of Management

THE PRESIDENT'S REPORT

THE past year began with a major, crucial and complex shift of program and staff. Harold R. Bixler became Executive Vice President and immediately expanded and improved many phases of national office work, especially emphasizing those which would contribute to the year's goal of chapter and membership expansion combined with assistance to the chapters in improving membership services.

Many evidences and tributes have come to our attention throughout the year for the exceptional loyalty and effectiveness of all of the national staff.

The results of this activity show in the substantial increase in the number and enrollment in senior chapters and the dramatic doubling of university chapters and student membership.

In spite of greatly increased budget over the previous year, it appears now that the financial goals will be approximately or nearly met.

The quality level of conferences and the net income from conferences has been greatly improved. The Fall conference on the Measurement of Management attracted widespread attention by its epoch making theme and the level of the program. Under Paul Mills' able chairmanship, this event will be repeated next October and may well set the pattern for future years in recording advances in measurement science.

The Spring conference on time study and industrial engineering eclipsed all previous records this year both for attendance and earnings. We have seldom seen such a continually self-starting and directing volunteer committe in any society.

There is general favorable comment on our publications as will be revealed in the appropriate succeeding reports.

The Society took a long step toward more decentralized service through making available for chapter use free copies of the proceedings of the key conferences in operations, research and the measurement of management. Some chapters have already taken advantage of this material to conduct similar meetings. The conference just held on Profitable Management For Small Business brings assistance and inspiration to all those who believe that the future of the American competitive enterprise system depends upon strengthening the opportunity of small business enterprises. It is hoped that many chapters will follow the lead of the national office and several of the chapters which have already pushed this side of our program.

It is becoming increasingly evident that the S.A.M. is the one across-the-boards professional scientific management organization. More and more chapters this year have held joint meetings with functional organizations in finance, sales, engineering, public relations and the like. Such joint activities contribute to that broadening of specialists so much required for promotion to general management ranks.

I will not unnecessarily use up space by mentioning the fine work in economic education and research done by those special committees and the national office staff. The reports speak for themselves elsewhere. But may I, in conclusion, call attention of the national membership to the unusual loyalty and leadership and efficiency brought to our service by all the employed staff in New York. Due to all these efforts, the Society is on its way up a sharp climb. There is a long distance to go, but I believe those members who urged that we get off "dead center" can feel satisfied that their challenge was met. The continued effort in prospect in the field and in the national office would seem to guarantee a Society with a future which will be fully worthy of its founders and its past. ■

FRANCIS F. BRADSHAW

TREASURER

AT THE time this report is written it is still too early to know the outcome for the 1955-56 fiscal year. Estimates indicate, however, that we may have a small deficit. This showing, while far from gratifying, must be viewed in light of the ambitious program adopted last year, and the expanded operations which were provided for in the budget. The fact that a substantial deficit is not expected is due to important cost reductions effected at the National Office during the year, as well as some increased income from new memberships, conferences and services.

The National Officers and Board of Directors have decided upon a long term policy of development and expansion of services to meet the training needs of managers and potential managers at the local level. These plans call for increased expenditures and raise some rather perplexing financial problems. At the April Board Meeting the recommendation of the Finance Committee to increase dues of all membership grades by $5.00 was not favorably received. Yet S.A.M. hasn't had the benefit of a dues increase in over twelve years, whereas most comparable organizations already have taken this step.

As we look ahead to next year's operations we are faced with conditions much the same as they existed at the beginning of this year. From a balance sheet point of view the Society, with its $100,000 reserve in bonds and other marketable securities, exclusive of over $30,000 in separate reserves for the Research and Economics Programs, is in a reasonably strong position. For the long pull, however, we will need substantially greater income from memberships, conferences, services and publications.

All members are urged to continue their interest and support in establishing and participating in income producing activities as the basis of the expanded program of services to the chapters and their committees. ■

H. E. LUNDEN

CIVIC AFFAIRS

AS A result of the creation of the office of Vice President of Civic Affairs, which was authorized by the Board of Directors at the June 25, 1955 meeting, considerable activity has been displayed throughout the United States and Canada in the Civic Affairs programs. These programs conducted by the various chapters range from junior achievement programs; work simplification programs in hospitals; aid to mu-

nicipalities and state organizations; the presentation of awards to outstanding personalities in the localities; advising school boards; counsel to Small Business; and particularly the amount of work which has improved the management of many hospitals throughout the country.

During this period from last June to the present writing, articles have appeared in the *American Mercury, Reader's Digest, Advanced Management* and numerous hospital publications and many, many stories in the daily press. These articles plus the brochure "May We Help?", the manual of operation "Here's How" and the various notices that have appeared in the national S.A.M. "*Newsletter,*" have created a demand for assistance to hospitals that we believe is without parallel in history.

Over 250 inquiries have been received from hospitals throughout the United States and Canada. Nine chapters are effectively assisting over 40 hospitals in their communities and at least 16 chapters are in the process of forming advisory boards.

During the past year we have talked to many groups ranging from Ladies' Night meetings to hospital accountants, to groups of industrial engineers, to state and city hospital associations. In all of these meetings the activities of the Society were well mentioned and considerable interest displayed by the attending persons.

For the coming year we plan to extend our activities by a further distribution of the brochure "May We Help," by stimulating other chapters into increasing their Civic Affairs activities and by talking to additional hospital organizations. There will also be published several new articles in national magazines which will enhance the prestige of the Society. Lastly, we have had numerous requests from hospital personnel who would like to know more about scientific management and who desire to join the Society.

If any member of the Society desires additional information regarding the Civic Affairs activities, they can readily obtain this information by either going to the president of their chapter or writing to the undersigned. ■

GEORGE M. GOETTELMAN

DISTRIBUTION

IT IS becoming more and more evident that the continued, healthy expansion of our economy—and the Gross National Product—is dependent on the ability to market the increasing volume of end products of our vast industrial facilities, along with agricultural products.

Productivity of the factory and the farm have been increasing at a rate of from 2% to 4% a year since the end of World War II. The same need exists to increase "sales productivity" by the application of some of the related principles of scientific management.

The "Values Added by Distribution" are therefore worthy of studied exploration by all members of S.A.M., as a means of organization growth as well as acceptance by our respective top managements on how to maintain an "in-balance position" between our ability to produce—and "sales making" opportunities to consume in equal capacity.

The Distribution Division of S.A.M. believes this to represent an "objective bill of particulars" worthy of enthusiastic acceptance and participation by the membership of every S.A.M. Chapter.

The following comments represent a "limited progress" report by your Distribution Division. The phrase "limited progress" is emphasized because of the newness of this functional activity, along with the customary problems of gaining acceptance to the merits of an additional project.

The following developments indicate the "limited progress" to date, and the importance of every S.A.M. member supporting this meritorious program.

1. We are seeking outstanding articles on Sales Management, Marketing and Distribution, as they may be published in future issues of *Advanced Management.* Several such articles have already appeared, with many resulting, favorable comments. These should be submitted to the Editor of S.A.M. for acceptance.
2. The S.A.M. recently became a cosponsor of the Boston Conference of Distribution. This is a widely publicized annual conference, and indicates the growing interest by S.A.M. in the importance of Distribution.
3. The first Workshop Seminar on Distribution was conducted during February by the Cincinnati Chapter of S.A.M. in cooperation with the local Sales Executive Council. The subject was "Functions of Sales Management." It consisted of four evening sessions of two hours each, covering such sales management activities as:
   a. Types of Sales Organizations
   b. Purpose of Sales Forecasting
   c. The Sales Budget
   d. Market Analysis
   e. Building the Sales Operation
   f. Sales Tools
   g. Sales Direction
   h. Sales Communications
   i. Statistical Control

   The success of this Workshop Seminar is indicated by more registrations being received than accommodations permitted. Revenue was also in excess of expenses. This suggests the desirability of our S.A.M. Chapters sponsoring similar Workshop Seminars, using the information contained in S.A.M. instructional letter dated April 27, and following the new manual "Administrative Guide to Seminar Operations."
4. Further indication of S.A.M.'s interest in the importance of Distribution is evidenced by the afternoon session "Increasing Sales for Small Business" in the June 7-8 Special Conference for Small Business. The oft repeated statement "Nothing Happens Until Somebody Sells Something" emphasizes the need for more attention to the increasing marketing opportunities for small businesses —as well as large.
5. With the availability this Fall of information as to the newly elected officers of local National Sales Executives Clubs and also local S.A.M. Chapters, letters will be directed to the respective chapter presidents, suggesting a get together to discuss the possibility of a local NSE member addressing the S.A.M. chapter membership on a subject such as "The Functions of Sales Management." Possibly, some coverage could also be given to the objective projects of NSE — to explore related areas of mutual interest in the field of management. Again, possibly some coverage on "techniques in selling" might be of assistance to S.A.M. members in their endeavor to sell memberships in the Society. ■

AL N. SEARES

MATERIALS HANDLING

YOUR Materials Handling Division set up for four principal objectives for the year 1955-1956:

1) Implementation of the Materials Handling Award program authorized by the Board of Directors during the previous year.

2) Inauguration of what might later become a regular annual conference on materials handling for S.A.M.

3) Improvement of relations with other groups having substantial interest in the field of handling.

4) Cooperation with the editorial staff of Advanced Management to see that sound technical articles on advances in materials handling were published—thereby giving further recognition to the engineering status of this important field.

I am pleased to report that progress has been made in reaching each of the above objectives, as follows:

1) The first winner of the S.A.M. Materials Handling Award has been selected as authorized. The winner, Delmar S. Harder, Executive Vice President, Ford Motor Company, is internationally recognized for his contributions to materials handling progress. It is a source of genuine satisfaction that so distinguished a figure in industry is the first of what should be a long line of recipients of this honor in the future.

2) The S.A.M.'s first conference devoted exclusively to materials handling was held in New York on May 17 and 18. The conference theme, "Management's Goal—Mechanized Handling," apparently was well selected because the conference was successful by financial and attendance standards. A survey is now being made to get detailed comment and criticism from all who attended, so that future conferences may be improved.

3) Cooperation and help have been generously accorded to us by the Material Handling Institute, and the American Material Handling Society. These fine organizations represent manufacturers of many kinds of materials handling equipment (MHI), and men professionally engaged in materials handling work in business, industry, and government (AMHS). Significant of the unselfish willingness of these two groups to help is the fact that the presidents of both organizations appeared on the program of the May 17-18 conference. In addition, the Executive Secretary of the Material Handling Institute assisted in planning the program, and also publicized it among his organization's membership. Similar publicity help was given by the American Material Handling Society.

Throughout the year, the friendship and goodwill of the above organizations have been an inspiring example of what SAM can expect from outside groups.

4) The staff of Advanced Management have already secured and published several fine articles on materials handling. More are in process. In addition, the staff are now preparing to release the proceedings of the Materials Handling Conference in book form. These activities, it is hoped, will significantly underline the fact that S.A.M.'s materials handling program is off to a sound and constructive start.

In conclusion, space does not permit listing here by name the great number of people, in and out of S.A.M., who contributed so freely of their time and effort to help us realize the objectives set for the year. The Awards Committee; the Conference Committee, speakers and chairmen; and the S.A.M. headquarters staff, so ably headed by Harold Bixler, are especially to be congratulated. Without their contributions, little could have been done. ■

M. J. MURPHY

MEMBERSHIP

DURING the fiscal year new chapters were set up in North Alabama, North Mississippi, Puerto Rico, Long Island and London, Ontario (Canada). There are more prospects in the making. The results accomplished are less than I had hoped for, considering the score of seventeen chapters added ten years ago when we put on a similar drive.

Membership is the highest recorded. As of June 1st, representing the first eleven months of the year, the count of senior members is 7072, of University members 4575, making the total 11,647. Yet it is much lower than it should be if we recognize the vast amount of advancement in management we should be doing.

To increase membership, we have to go after the potentials. They won't come to us because, in my experience, most people would rather be amused than take on the job of learning more. So we should set up membership committees of a dozen or more. Pick men who will work and follow up to see that they produce results. This method works. It was used to add roughly 100 members to N. New Jersey Chapter for three years in succession. Remember, we have to get the people into our chapter meetings before we can help them advance.

We have the best means available today for developing future managers. To utilize our opportunity, my recommendation is that we work strenuously to develop our Regions. Let's set up chapters where the potential members are. Let's work with the trend toward smaller, intimate discussion groups.

In so doing, we must provide for the interests of the specialists. Many who are trying to advance themselves are not executives yet. Many are only beginning as foremen and department heads. But they want to learn better how to run their small functions of their organizations. This seems to require that we provide many more small group meetings in our chapter programs.

Either we satisfy these interests or they will be taken elsewhere. Many local groups and new societies have formed in recent years. These compete with us for member and speaker time. Meeting attendance shrinks and progressive members pay dues in several societies.

Many groups are going over some parts of the management functions we should discuss in our programs. Let's solicit their interests. Find out what subjects they want to discuss. Build up the number and the kind of meetings that will satisfy their diverse interests. Provide responsible officerships for their leaders. Then, we can have more chapters and more members to carry on our basic job of advancing management in all of its functions. ■

PHIL CARROLL

CHAPTER OPERATION

DURING the past year our society has grown and strengthened as evidenced by our growth in membership as well as the increase in the number of chapters. During the year recommendations were passed on to the chapters in the hope that their adoption would assist the chapters in rendering a greater service to their local communities.

The Chapter Operations Manual was revised and it is strongly recommended that the incoming officers for the 1956-57 year take every advantage of its contents in planning their programs for the coming year. Also, during the year a National Policy statement in regard to Regionalization was developed, at the request of the chapters. It is hoped that this statement has served to clarify the many questions raised by the chapters in regard to Regionalization.

This year, as Vice President of Chap-

ter Operations and as a member of the Executive Committee, I have often heard the statement that the real strength of our society lies in the local chapters. At the same time, I sat through many hours of discussions with devoted and intelligent national officers. All of these discussions have concerned what program the national organization should be developing with the objective of continually improving the position of our society. There is no question in my mind that the results of the many hours of planning and thinking on the part of your national officers have benefited the society and that it is proper for the chapters to expect the national officers to develop such programs. However, I do not feel that the society is receiving proper benefit from the talent available in its whole membership.

The development of such programs are the result of the personal thinking of the national officers based on their years of experience with the society. It is my belief that the chapters themselves should play a more imporant role in the formation of national policy. At present their function is primarily that of approving or disapproving the National Programs, with very little participation in the development of such programs.

As our national organization presently exists, there is an excellent opportunity for the chapters to participate more directly in the formation of national policy than they have been doing. At each executive committee meeting I have attended, most of the Regional Vice Presidents have been present and it is through these leaders, selected by closely associated chapters that the chapters can more actively participate in the formation of national policy.

I would, therefore, like to recommend that the chapters develop the following course of action for the coming year.

1. In selecting their Regional Vice President for the coming year, choose a man who is not only qualified from the standpoint of experience but one who is in a position to attend the National Directors and Executive Committee meetings.
2. In addition to your chapter operations conferences, schedule a meeting of the chapters prior to the Fall and Spring Conferences with the sole objective of discussing national policies. Such meetings should result in the formation of Regional policies in regard to the conduct of the National Organization. National directors would then be better prepared for the Board meetings. and Regional Vice Presidents would be in a better position to speak intelligently for all chapters of his region at the Board Meeting as well as the intervening executive committee meetings.

It is my belief that such a plan could not fail to bring more of our membership into active participation in national policies. In this way the elected national officers should become better informed as to the needs of the chapters and, consequently, be in a better position to serve them. ■

J. Richard Jeffrey

SEMINAR OPERATIONS

Shortly after the beginning of the year, I worked out with Executive Vice President Harold Bixler, with the approval of President Bradshaw, an initial plan for stimulating the development of local seminars throughout the Society. This plan was presented to Chapter Presidents in a Newsletter of February 28, 1956. The plan was outlined to them in a sequence of five major steps as follows:

Step 1. From time to time, through the established Newsletter medium, we will bring to your attention the best information available to help your local chapter in its seminar activities.

Step 2. In the near future we will set up and distribute to the local chapters an administrative guide, giving suggestions and hints to the local chapter on methods and techniques that can be most effective in organizing, planning, and maintaining a continuing seminar program. This guide would include the sequence of steps necessary to educate the local community on the values of seminars, set up the local seminar committee, and suggest a basic operating plan.

Step 3. We will make available for distribution to local chapters a seminar manual for use by the local seminar committees. This manual would be educational in nature, and would deal with such subjects as "evaluating seminar needs," "determining the best type of seminars to meet these needs," "finding national and local leadership," "evaluating the effectiveness of seminars," and "using seminars to build the local organization."

Step 4. In addition to the use of the periodic newsletters mentioned in Step 1, we will set up a system of chapter reporting so that we can exchange, in depth, chapter experiences as to types of seminar programs, special problems that have come to light and methods of handling these problems, and suggestions for improvements in methods, techniques, and arrangements. In this way we can begin to capitalize on our successes and failures, and develop the most effective patterns.

Step 5. Eventually, we hope that out of the exchange of experience we can try out new ideas experimentally, and develop a seminar evaluation procedure which can be used as a general tool. This will be useful not only in the Society's seminar program, but also of distinct value to individual members to take back and use in their own company educational programs.

Since this release, the Administrative Guide referred to in Step 2 has been developed and distributed to the local chapters. This guide has as its objective the motivation of local presidents and officers to *start* a local seminar program and to give them the necessary insights into preliminary organization to get their program off on a sound, continuing basis.

This guide will be followed by a seminar manual which will give basic assistance in designing, developing, and operating a seminar program. It will be written especially for the local seminar committees.

Also distributed to Chapter Presidents was a survey form which has as its purpose the bringing together of existing seminar program materials from the various chapters into a central exchange point where it can be organized and made available to other chapters embarking on similar seminars. It is hoped that this survey will mark the beginning of a systematic "pooling" of chapter "know how" dealing with seminar operations. ■

Lester F. Zerfoss

UNIVERSITY CHAPTERS

The University Program gained momentum this year and new levels of achievement were attained through the organization of new chapters and the reactivation and expanding activities of older chapters. "Industrial Progress through Enlightened Management" was

our slogan as S.A.M. became a more important force in management education.

Today we have 88 active chapters with a membership more than doubled and in excess of 4600; 11 new chapters were organized; 9 additional chapters were reactivated while 90% of the remaining chapters expanded their programs of activity and service since July 1, 1955. Ten more are in the process of development. Thirty-four chapters enrolled 20 or more *new* members for the second semester—465 new members, for example, came in the last week of March, over 1100 during the month. Eight chapters now enjoy a membership of over 100 with Indiana University first with 263, followed by University of Texas, Boston College, University of Illinois, University of Connecticut, Georgia Tech, Alabama Polytechnic Institute and Tennessee Polytechnic Institute. Furthermore, they seem to be happy to be part of a dynamic national professional management society.

In this expansion many persons played an important part—they all rendered a service to industry and the community as well as to the particular college, the students and the Society and they will continue to derive, I am sure, much satisfaction from the results of their efforts in this worthy venture. Special thanks were expressed by letter and in the S.A.M. News for this splendid cooperation.

New chapters were organized at Guilford College, Sacramento State College, University of Oklahoma, Indiana Central College, Villanova University, Western Michigan College, Cornell University, University of Michigan, West Virginia University, Miami University (Ohio) and Villa Madonna (Kentucky).

For their efforts in this development the following chapters will receive special citations at the Fall Management Conference—Greensboro, Sacramento, Indianapolis, Philadelphia, Binghamton, Detroit, Pittsburgh, and Cincinnati. *Congratulations* for a job well done.

As we stated in our November report: "the results so far this year have been most gratitfying and seem to have justified the adjustments that were made in the program . . . a new spirit has been generated . . . the University Program has come of age . . . and the Chapters reflect the stimulating effect of the closer ties with and the more active encouragement and support of the National."

CONSIDERATIONS IN THE FUTURE

1. The goal for next year—minimum of 100 active chapters with 6500 members.
2. The development of more activity in clinics, research, book reviews, and community affairs.
3. Facilitating the transition from University Chapter membership to senior chapter membership.

   The special fee of $5.00 for the first year after graduation approved by the Board in November is a start in the right direction.
4. Closer working relationship between senior and University Chapters—all can benefit in so many ways.
5. Readjustment of the University Chapter Performance Award Plan. A committee of 13 chapter advisors under the chairmanship of Professor Bruce McSparrin, Jr., of Indiana University, was created and is now actively studying the entire plan for the purpose of recommending changes that will enable the Plan to serve more effectively the purpose for which it was designed originally.
6. The publication of a University Chapter brochure.
7. Revision of the University Chapter Manual.
8. The continuation of the University Chapter News page of S.A.M. News.
9. University Chapter sessions in each regional management conference. The Central Region in April of 1955 and in May of 1956, and the Southeastern Region last April 5 provided for University Chapters in their conferences with very good results. ■

HAROLD FISCHER

CENTRAL REGION

PRINCIPAL combined effort during this year was related to plans and preparations for the first Regional Conference in the Central Region incident to which the Regional Board of Governors, which basically comprised the Conference Committee, met in Dayton at least half a dozen times. Conference dates of May 24 and 25, 1956 were cancelled out due to important conflicts with General Motors and other personnel. The conference has now been set for October 4 and 5, 1956 at the Biltmore Hotel in Dayton.

The permanent rotating fund in an amount adequate to underwrite the Conference has been raised and is in the hands of a Regional Treasurer elected to the office, E. R. Ruark of Indianapolis.

A Chapter Operations Conference was held in Dayton on Saturday May 26, at which all six chapters were represented in addition to representatives from three Student Chapters.

A very fruitful exchange was accomplished in which operation plans and membership plans for 1956-57 were laid out. The conference profited from the very fine cooperation and assistance of Harold Fischer, Vice President of University Chapters; Nick Lunken, National Treasurer; Dick Jeffrey, Vice President for Chapter Operations and Bruce McNaughton, the incoming Vice President for the Central Region. ■

FRED E. HARRELL

NORTHEASTERN REGION

THE first Chapter Operations Conference for the New England chapters was held June 4, 1955 at the Publick House, Sturbridge, Massachusetts under the sponsorship of the Worcester chapter.

Among the many topics discussed was regionalization and the development of a northeastern region. It was voted to consider regionalization and to hold additional meetings in order to provide full discussion on the subject. Two additional meetings were held during the summer and it was on September 10th at Sturbridge that the New England Chapters voted unanimously to establish the Northeastern Region, and nominated E. Leslie Priestman as the Regional Vice President.

A statement of organization was prepared which closely resembled that of the Central Region. The governing body is contained in the Board of Regional Representatives and is composed of two representatives from each chapter. The chapters comprising the Northeastern Region are as follows:

Boston	Providence
Bridgeport	Western Massachusetts
Hartford	Worcester
New Haven	

The total memberships in these chapters consists of 674 members of all grades, plus 468 student chapter members.

Regional meetings were held in Providence, Rhode Island, October 22nd, and in Hartford, Connecticut, December 3, 1955, during which the activities of the National and the New England chapters were discussed. Plans were laid at the December 3rd meeting for a two-day management conference to be sponsored by the region and held October 18th and 19th, 1956 in Worcester.

Nathan Hamar, New Haven Chapter, was elected general chairman of the conference, and he selected Robert MacWilliams, Boston Chapter and David Milliken, Worcester Chapter, as co-chairmen.

A conference committee was duly formed and has convened at the University of Connecticut on March 8th, April 7th, and May 5th. The conference theme is to be on the newest management techniques and principles aimed at helping business, large and small.

The second annual Chapter Operations Conference is to be held June 2, 1956 in Sturbridge, Massachusetts.

The New England Chapters have enjoyed an active year holding conferences, workshops, clinics, roundtables, plant visits, and the like, and have participated in civic affairs, principally as an aid to hospitals.

No new chapters have yet been formed in the region, and up to May 1, 1956, there has been a net increase in membership of only 3.5%. Congratulations are in order for Bridgeport as they have attained 104% of their membership.

The regional organization is an important vehicle by means of which chapters in a localized area with similar problems can communicate. Strong and vigorous chapters mean an active membership which, in turn, means a healthy society. Regional activities will, I am sure, contribute to this end.

It has been an honor and privilege for me to serve as Regional Vice President and I am indebted to all for this opportunity. I trust that the Northeastern Region will continue to be a strong and dynamic force in the Society for Advancement of Management. ■

E. LESLIE PRIESTMAN

ECONOMICS

WITH more than two years' experience in its "Economics for Management" roundtables, the Society, through its Economics Committee, recently completed plans for enlargement and improvement of this important aspect of its Chapter activities. The reception accorded the economics roundtable in almost 30 Chapters where it has been conducted indicates that it is meeting a much-needed and vital aspect of management development: increased understanding of the functioning of the American economy.

Under the chairmanship of James E. Newsome, the Economics Committee has established the following goals for the coming Society year:

1. The completion of a "Conference Leader's Guide" for use in conducting the Economics Roundtable in the local chapter. This guide is scheduled for completion by October 1, and will be made available to all Chapters desiring to include an economics seminar in their program activity for the next year. The Guide covers 16 major discussion topics most commonly used in roundtable groups, and is designed to provide the conference leader an organized body of ideas and information which will make for effective small-group discussion of economic principles, problems, and policies. Six of the discussion units have been completed and the remaining ten units will be completed prior to October 1.
2. The conduct of at least two, and perhaps three, "Conference Leader's Conferences" throughout the year. The objective here is to bring together approximately 15 chapter representatives in a particular area for purposes of leadership training in the conduct of small-group discussions, and the economics roundtable in particular. It is planned that one of these training groups will be conducted in the New York area, one in the Chicago area, and perhaps one on the West Coast. These conferences will be concentrated in a one-week period, and will be aimed at preparing management representatives for leadership in economic education programs.
3. The conduct of eight Economics Roundtables by the Director of Economics Program. These chapter programs will be arranged by the National Office in cooperation with those local chapters requesting the services of the Economics Director. It is hoped that the following chapters will be among those in which the program will be conducted: Syracuse, Binghamton, Hudson Valley, Clearing, Calumet, Pittsburgh, Cleveland, Portland, Sacramento, and San Francisco.
4. Finally, the Economics Committee has established a goal of enlargement of the Committee itself, in the interest of broadening the representation of chapters. The present eight-man committee will become a national advisory committee for the economics program, devoting itself largely to the preparation of materials for the program, and the financing of the activity. The Economics Committee as such will be composed of representatives from the 5 established regions of the Society, plus a representative from the West Coast and Southwest areas where no formal regional organizations now exist.

Chapters are requested to contact the National Office for additional information and for specific arrangements concerning the conduct of the economics program activities. ■

James E. Newsome
Chairman, Economics Committee
Robert Lows
Director, Economics Committee

NATIONAL RESEARCH AND DEVELOPMENT

THE Research and Development Program in the past year was marked by considerable progress in existing studies; the undertaking of two new studies; intensification of research within Chapters; and inauguration of a special-publications service in the area of long-range management planning.

Current Projects

A Management Code of Ethics. (Chairman: Ralph C. Davis.) The committee has completed the first draft of a statistical report covering (a) a survey in the Metal Trades Industry, dealing with Association points of view and practices concerning management codes both voluntary and regulative; (b) the policies and practices actually observed by member companies, based on a survey of 959 companies in the Gray Iron Founders Society, the Radio-Electronics Television Manufacturers Association and the Aircraft Industries Association. A policy report will be developed from the data and published by S.A.M. in cooperation with the Ohio State University Bureau of Business Research.

Aptitude Tests for Time Study Personnel. (Chairman: Phil Carroll). The groundwork research has been completed, involving a thorough analysis of the job of today's time-study man. Part of this analysis has been published under the title, "A Survey of Time Study Policy and Practice in the United States and Canada." The remaining study involves the construction and validation of tests on a nation-wide basis. This phase of the project will be assigned to an agency specializing in personnel research. The National Committee is pre-

paring steps to secure industry grants for the financing of this study.

A System of Terminology in Personnel Management and Industrial Relations. (Chairman: John F. Mee). Three hundred key terms in the subject areas have been defined tentatively. Consensus definitions will be derived following circulation of the present material among interested research groups throughout the Chapters. The Society is grateful to the research assistants at Indiana University who devoted full time to this project.

Office Standards. (S.A.M. Representative: Norman Barish). The Society continued to collaborate with other professional organizations in the field. As new standards are developed, they will appear in publications of the American Standards Association and the National Office Management Association.

New Projects

The Use of Non-financial Incentives in Management. (Chairman: Eugene J. Benge). This project is an expansion of the similarly titled project which had been limited to a study of employee motivation resulting from furnishing the employee with immediate information on his job-performance. The new specification extends to all forms of non-financial incentive currently used among non-selling, non-supervisory personnel. The plans of such incentive will be examined from the following viewpoints: their objectives; the policies governing their operation; their functional content; their instrumentation; their organization and installation; and the norms used to gauge their effectiveness. Field-work assistance in this study will be requested of the Chapters.

Second Edition: Glossary of Terms Used in Methods, Time Study and Wage Incentives. (Chairman: James H. Eddy). The committee has assembled a list of additional key terms for possible inclusion in a second edition and has distributed the list to each Chapter for suggested definitions. It is planned to include in the second edition a section on the key terminology and basic concepts of each of the major motion-time systems in the field of work measurement. The information will be furnished by the sponsors and leading practitioners of each system.

Special Publications Service

At its November meeting the National Research Committee approved plans for an additional undertaking within the Society's Research Division. In terms of end-results this activity will be the publishing of special-study brochures dealing with vital problems in long-range management planning. Authors will be selected from specialists in the subject areas. These publications are visualized as an added service to the Society membership and the management field generally. Four publications are planned for the coming year.

Chapter Research Activities

The Reading, Pa. Chapter completed during the year a project dealing with the most successful mechanics to be followed in installing and administering a suggestion-awards plan for employees. Many industries have requested copies of this document which is titled, "A Suggestion Plan Guide." The Reading Chapter, in cooperation with the National Research Division, is considering plans for national distribution of this study.

The Greenville, S. C. Chapter has made notable progress in the validation of its checklist of key questions to be answered by executives before a company embarks on an expansion program.

Two research committees in the Knoxville, Tenn. Chapter plan to continue their current studies on plant-maintenance standards and on the personality factors involved in executive development.

A tentative report on the reading habits and reading needs of executives has been developed by the Sacramento Chapter, to continue into the coming year.

A project designed to study the performance norms of the industrial relations function has been activated by the San Francisco Chapter.

The New Orleans and Dallas Chapters are considering the possibility of devoting a portion of the year's program to exploring in depth the general area of executive development and norms of executive proficiency in order to provide current data for nationally significant research in the subject.

Chapter Research Awards Plan

The National Research Committee at its April meeting adopted a plan designed to elicit the interest and broad-scale participation of the Chapters in the development and fulfillment of research projects of national significance. A preliminary outline of the plan has already been sent to each Chapter. Complete details will be forwarded during the summer. Essentially, the plan invites each Chapter to make research contributions to a selected problem. The information contributed by the participating Chapters will be analyzed, correlated, consolidated and possibly published. The Chapter making the most significant contributions, and the Chapter whose suggested problem of research was adopted, will be suitably awarded at one of the national conferences. ■

Ralph C. Davis, Vice President
Vincent A. Flynn, National Research Director

NATIONAL ADVISORY COUNCIL

As approved by the Directors, for long-range planning, the Advisory Council will consist of not less than three nor more than seven "management statesmen" with a record of leadership, pioneering, and devotion to the scientific management movement in the best sense of those words. The membership first chosen shall be one man for five years and the other members for diminishing terms so that the make-up of the committee can gradually change without losing essential continuity.

The function of the Committee shall be to guide and assist the officers of the Society in:

A. Charting long-range plans and goals in terms of the Society's role in American life and American economy.
B. Interpreting the Society's significance and potentiality to those publics whose support for and use of the Society are most central to its mission.

Normally the Council will meet at least twice during the Society's fiscal year, or on call either of its Chairman, the Board Chairman, President, or Executive Vice-President of the Society. The Advisory Council, as indicated above, has no administrative authority and no responsibility for the final determination of Society policy which must, in accordance with the By-laws and Constitution, rest with the Board of Directors. The Board of Directors will seek advice from the Advisory Council on matters of policy and communicate to them problems or decisions which require their assistance in communication to the public. The Advisory Council will not be the only channel of communication to the public, but will function in that regard as a major auxiliary of the duly constituted officers. ■

George B. Estes, Director-at-Large

S.A.M. Research Publications . . .

A Survey of

TIME STUDY POLICY AND PRACTICE

in the U. S. and Canada

A quantitative analysis of:

- **297 Plants**
- **180 Companies**
- **17 Industry Classifications**

1. The assigned duties of Time Study men.
2. The extent of usage of standard data, whole-cycle time, and various motion-time systems in standards setting.
3. The extent of union participation in Time Study.
4. Techniques of training Time Study men.
5. Criteria used in evaluating Time Study men for proficiency.

This is a report issued January 1955 by the SAM National Research Committee on The Project, Aptitude and Proficiency Tests for Time Study Personnel.

Price $1.50 per copy — Limited Quantity Available

COLLECTIVE AGREEMENTS ON TIME AND MOTION STUDY

by G. Jay Anyon, Ph. D.

Simplify negotiations with this handbook designed to aid labor relations heads, union officials, legal counsel, production managers, industrial engineers, foremen and labor relations scholars. More than 300 separate types of stipulations throughout a broad sampling of American industry are examined.

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